

Special Feature

Aiming to Become the 'No. 1 Green Innovation Company in the Electronics Industry'

The world has drastically shifted to a sustainable multipolarized society against the backdrop of increasingly serious environmental issues, resource depletion, and the growth of emerging countries.

Based on this recognition, we aim to become the 'No. 1 Green Innovation Company in the Electronics Industry' leading up to our 100th anniversary in 2018.

We are determined to bring about 'Green Life Innovation' and 'Green Business Innovation,' placing the environment at the center of all our business activities.

The first step in achieving our vision is our new midterm management plan, "Green Transformation 2012," or "GT12," which will run from fiscal 2011 to fiscal 2013.

Vision Looking to the 100th Anniversary of Our Founding in 2018

**'No. 1 Green Innovation Company
in the Electronics Industry'**

Innovation focused on 'environment' in all business activities

Green Life Innovation

Realizing a Green Lifestyle to Enrich People's Lives

Offer better living which provides people around the world with a sense of security, comfort and joy, in a sustainable way

Lifestyle with virtually zero CO₂ emissions for the entire home and the entire building

Evolving and expanding eco cars

Lifestyle with recycling-oriented products

Encouraging eco-conscious products in emerging and developing countries

'Green Life Innovation' entails realizing green lifestyles to enrich people's lives through the provision of innovative businesses, products and services.

Central to this are the creation, storage and saving of energy as well as energy management for controlling these.

Green Business Innovation

Implementing & Proposing an Optimum Green Business-style

Pursue Ideal Manufacturing Operations

Zero Cost, Zero Time, Zero Inventory
+ Zero Emissions

Minimizing CO₂ emissions in all business processes

Recycling-oriented manufacturing

Green work-style

Offering eco-solutions using our own expertise

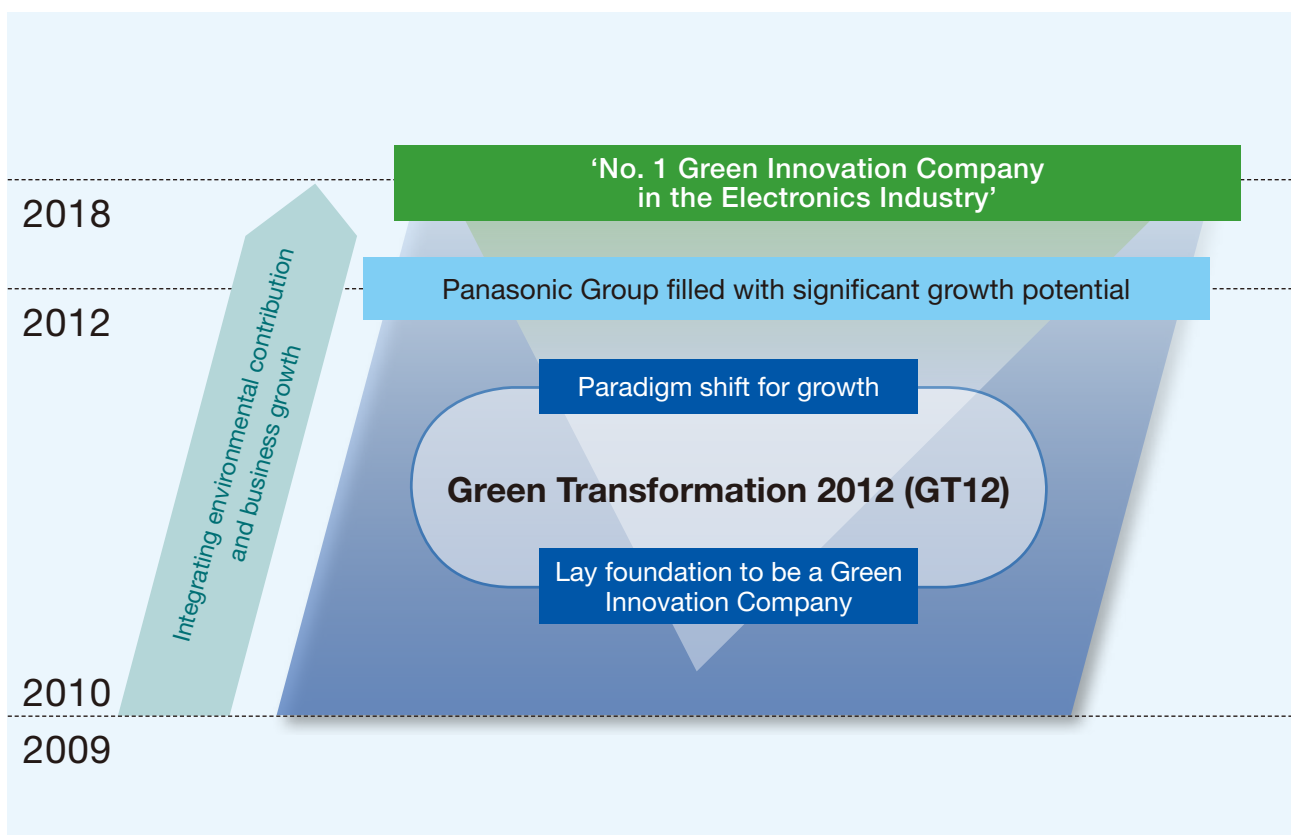
Panasonic will pursue the manufacturing sector ideal of zero industrial waste and other emissions from business activities.

We will strive to minimize CO₂ emissions in all business processes and pursue recycling-oriented manufacturing, as well as propose and communicate this expertise to society.

Positioning and Targets of GT12

The three-year midterm management plan GT12 marks the first step in realizing our new vision of becoming the 'No. 1 Green Innovation Company in the Electronics Industry.'

Our aim by the end of fiscal 2013 is for the Panasonic Group to become filled with significant growth potential by bringing about a paradigm shift for growth and laying a foundation to be a Green Innovation Company. We will contribute to the environment at the same time as attaining business growth in the entire Panasonic Group.



GT12 Themes

Paradigm shift for growth	Lay foundation to be a Green Innovation Company
<p>From existing businesses to new businesses such as energy</p> <p>From Japan-oriented to globally-oriented</p> <p>From individual products-oriented to solutions and systems business-oriented</p>	<p>Increase profitability based on growth</p> <ul style="list-style-type: none"> – Pursue global excellence <p>Enhance contribution to the environment</p> <ul style="list-style-type: none"> – Lay groundwork to be No. 1 in green indexes

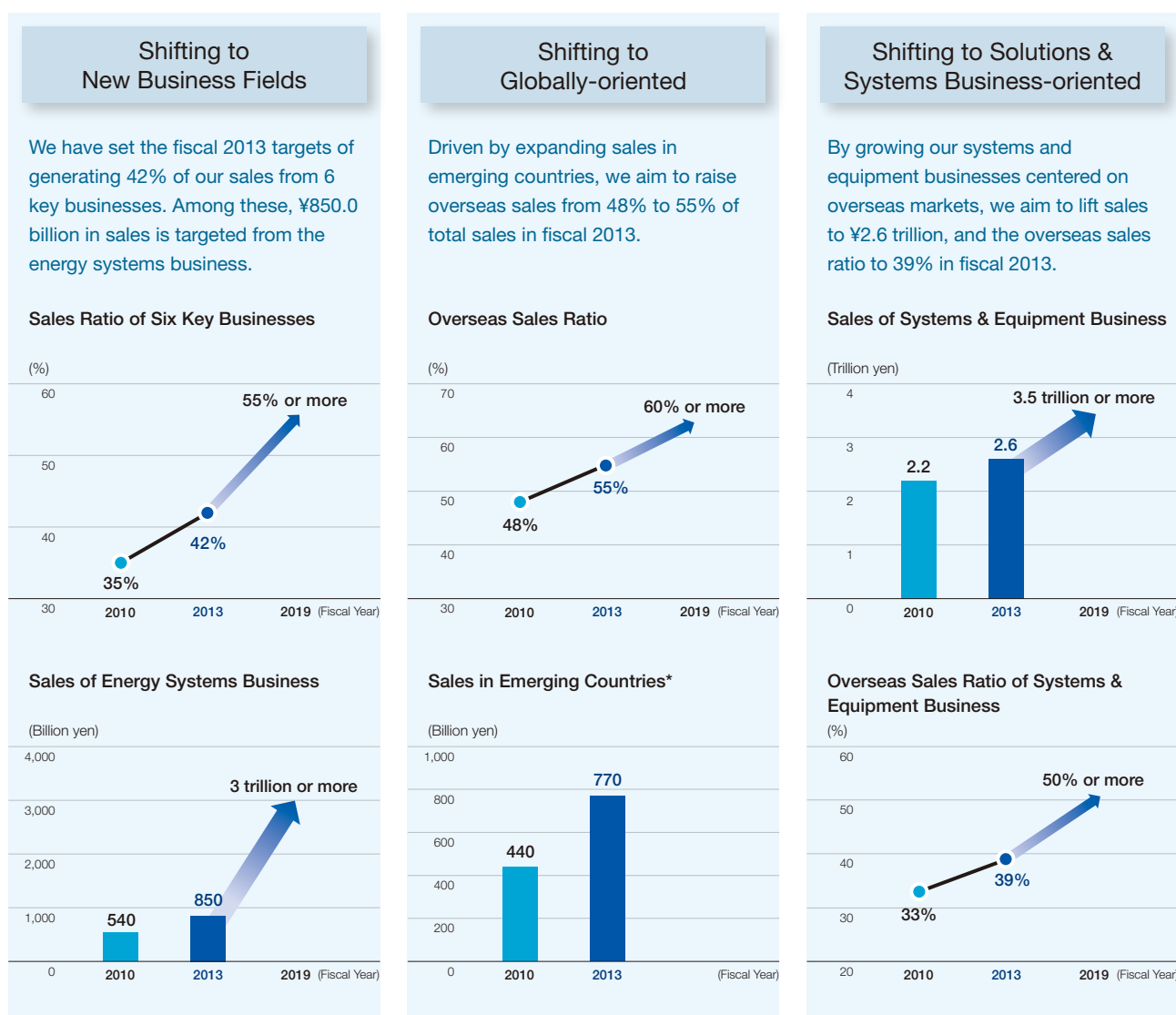
GT12 Group Management Goals

Sales	¥10 trillion
Operating profit to sales ratio	5% or more
ROE	10%
Free cash flow	Total for 3 years: ¥800 billion or more
CO ₂ emission reduction	Compared to the level of FY2006*: 50 million tons

* Reduction compared to the estimated amount of emissions in fiscal 2013 assuming that no remedial measures were taken since fiscal 2006.

Transformation Indexes

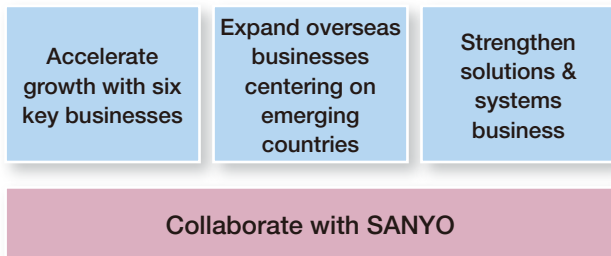
We have set numerical targets to measure progress with our paradigm shift for growth, which is one of the themes of GT12.



(Note) Figures for FY2010 include annual sales figures for SANYO.

* Panasonic's consumer and systems sales for BRICs + Vietnam and MINTS (Mexico, Indonesia, Nigeria, Turkey, Saudi Arabia) + the Balkans

Midterm Strategy for Panasonic Group



We have three main midterm strategies for achieving the GT12 goals: accelerate growth with our six key businesses, expand overseas businesses centering on emerging countries, and strengthen solutions and systems businesses.

Cutting across these three strategies is fostering collaboration with SANYO.

Midterm Strategy for Panasonic Group 1

Growth Driven by Six Key Businesses—Shifting to New Business Fields

Six key businesses will serve as growth drivers of the Panasonic Group going forward.

We have designated three of these as core Group businesses that will drive Companywide sales and earnings: Energy systems, Heating/Refrigeration/Air conditioning, and Network AV businesses. In particular, Energy systems will be promoted as a flagship business.

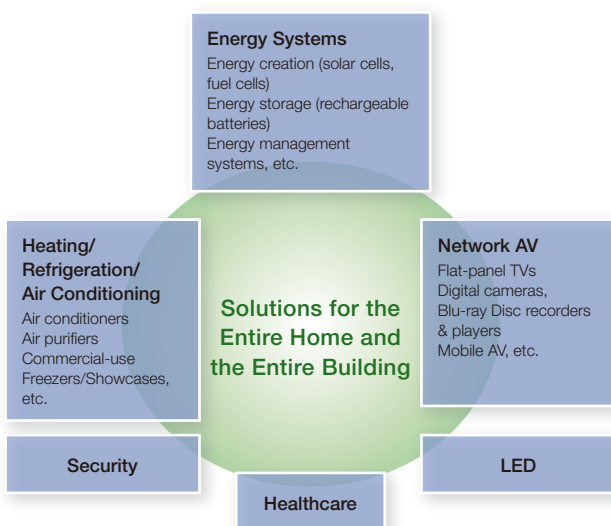
Although sales of the other three key businesses, Healthcare, Security and LED, are still small at present, we will substantially develop them as future business pillars.

Furthermore, we will pursue growth in our own unique way,

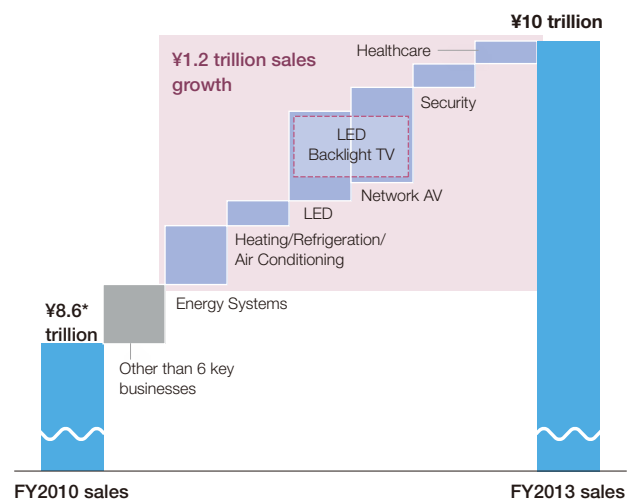
by offering “comprehensive solutions for the entire home and the entire building,” centering on these businesses.

Under GT12, we have earmarked 54% of capital expenditures and 67% of Corporate R&D investment for the 6 key businesses. From fiscal 2012 onward, we plan to constrain total capital expenditures, but the share allocated to the Energy Systems Business in particular will increase. By concentrating business resources in this way, we aim to increase sales from the 6 key businesses by ¥1.2 trillion. This accounts for 80% or more of our overall sales growth target.

Panasonic's Six Key Businesses



Sales Target by Six Key Businesses



* Figures for FY2010 include annual sales figures for SANYO.



Our fiscal 2013 sales target for the Energy Systems Business, as a Panasonic Group flagship business, is ¥850.0 billion, a ¥310.0 billion increase from fiscal 2010. These sales are to be generated from energy creation, energy storage and management systems, as well as products related to eco-cars.

Energy Creation: Solar Cells

Solar cells are a mainstay of energy creation within our business strategy. We aspire to become one of the top three global leaders in this field by fiscal 2016. We aim to achieve a global sales volume of 900 megawatts in fiscal 2013, more than triple our fiscal 2010 result.

In order to achieve these goals, we launched Panasonic brand HIT®* Solar Cells that boast one of the highest levels of energy conversion efficiency in the world. Two other initiatives are to strengthen our group-wide sales structure, and accelerate development of next-generation solar cells with even higher performance at a lower cost.

* "HIT" is a registered trademark of SANYO Electric Co., Ltd.

The name "HIT" comes from "Heterojunction with Intrinsic Thin-layer," which is an original technology of SANYO Electric Co., Ltd.

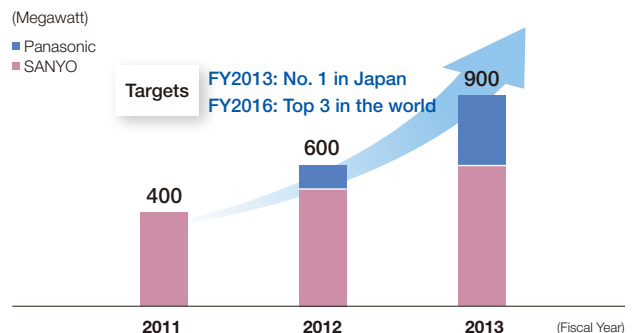
Fuel Cells

Eyeing global expansion, we intend to develop our fuel cells business by improving cost competitiveness.

Energy Storage: Lithium-ion Batteries

Our target is to grow sales of lithium-ion batteries to ¥500 billion by fiscal 2013 to maintain the global No. 1 market share in this field. Specific measures for achieving this goal are to integrate business strategies in the Panasonic Group and ensure the optimum standardization of our strengths based on collaboration with SANYO, so as to maximize synergies.

Global Sales Volume of Solar Cells



The Home Solar Power Generation System HIT® 215 Series was launched under the Panasonic brand on July 1, 2010.

We will also collaborate with SANYO on cell development and on production lines. And we plan to:

- develop higher capacity batteries for consumer-use,
- strengthen cost competitiveness by developing new materials, and
- introduce new products in growing markets, such as home-use storage batteries.

We will move forward swiftly and decisively with these strategies.

Special Feature

Energy Management

Panasonic is focused on businesses related to energy creation, energy storage and energy saving. Energy creation involves the generation of electricity with solar cells, fuel cells and other technologies, while energy storage entails the provision of rechargeable batteries for wide-ranging applications from home to commercial use. Energy saving is a field we are tackling in all manner of areas including home electronics. In addition, we want to lead the world in energy management that helps cut electricity consumption in entire homes and entire buildings by linking and optimally controlling devices and equipment.

We are developing and testing systems for the integrated control of electric power, temperature and information of devices and equipment toward the full-scale roll-out of the energy management business. Our goal is to create a system for the visual display of electricity consumption, hot water supply and other information and detailed control by networking appliances and facilities in homes.

We are continuing to develop related products for an AC/

DC hybrid wiring system that will reduce energy loss during electric current conversion.

The Corporate Division for Promoting Energy Solutions, which was set up on April 1, 2010, will lead and accelerate the development of cross-domain energy systems products in the Panasonic Group.

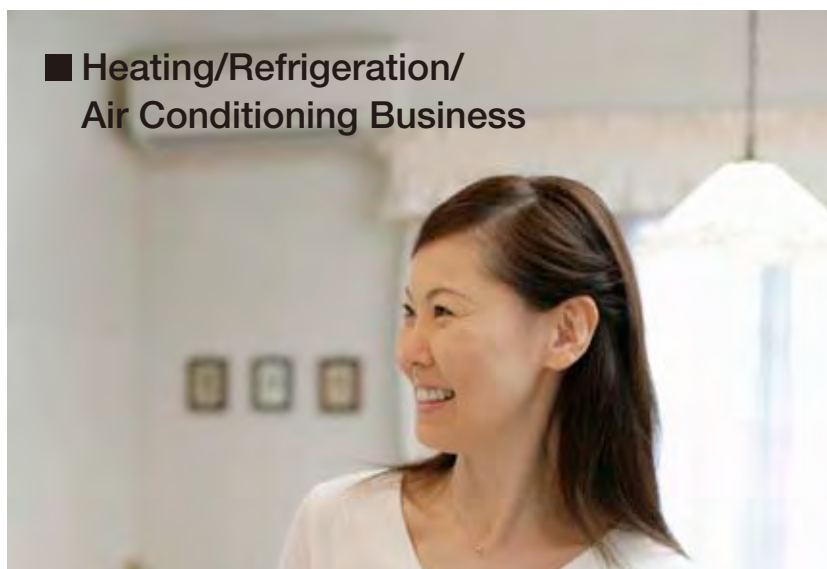
Products Related to Eco-Cars

For eco-cars, we will accelerate the development of three businesses: batteries, thermal management systems, and power supply management systems.

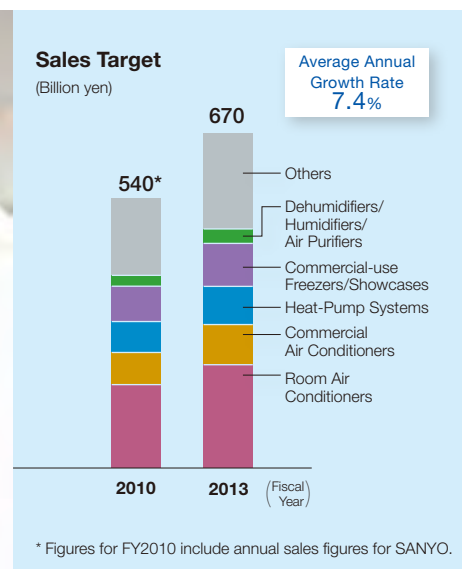
We will develop batteries for a wide range of eco-cars, including electric vehicles (EVs) and hybrid cars, as well as low-cost standard modules.

In thermal management systems, our aim is to increase comfort as well as driving distance by applying energy-saving technology developed for home-use air conditioners.

With power supply management systems, we plan to build systems to make charging highly efficient, safe and quick.



■ Heating/Refrigeration/ Air Conditioning Business



In this business, Panasonic aims to generate sales of ¥670.0 billion in fiscal 2013 by achieving an annual average growth rate of 7.4%.

We will utilize Panasonic's strength in consumer products and SANYO's strength in commercial-use products as the cornerstone of our strategy in this business.

In the European air conditioner market, we plan to increase the number of equipment sales dealers, including those specializing in air conditioning. We have not made enough progress in developing these sales channels up to now. In emerging countries, we will leverage low-noise and energy-saving technologies to focus on local leader models that match local needs.

In commercial-use products, we will extend our lineup, targeting markets in Japan, Europe, China and elsewhere in Asia. This lineup will include large-sized air conditioning and heat-pump water heating systems, as well as commercial-use freezers and showcases.

We will also actively propose comprehensive solutions for entire stores. We already propose comprehensive control systems combining cooling and heating conditioning systems and energy systems to convenience stores and supermarkets. We plan to step up these activities.



Our target in this business is to grow sales by an annual average of 10% to generate sales of ¥2.15 trillion in fiscal 2013. We aim to achieve a phase change that shifts this business into one that drives profit.

Flat-panel TVs

Flat-panel TVs is a core business for the Network AV Business. If we can refine our products here, we believe we can strengthen the earnings power of this business and win through against the global competition.

The center of our plasma TV product strategy is 3D. By making the most of the superior picture quality of plasma TVs, we will promote 3D as being synonymous with Panasonic. We have set the goal of having 3D models account for 70% (unit base) of our plasma TVs sold in fiscal 2013. We aim to make our products more attractive by dramatically increasing their energy-saving performance, while at the same time enhancing picture quality with new panel technologies.

In LCD TVs, in fiscal 2011 we will launch LED backlight models using outstanding IPS Alpha panels.^{*1} We hope that their industry-leading, power-saving performance will translate into higher sales for us. Developing organic EL displays, a next-generation technology, is another focus of our flat-panel TV operations.

Our strategy in flat-panel TVs goes beyond simply selling more units and increasing sales, though. We aim to achieve a phase change that drives profit in this business.

Cost is a key area in this context. We pursue cost reductions through measures that include shifting finished product and module assembly to Asia, halving the number of parts (in LCD 32HD models), and utilizing OEM^{*2} and ODM.^{*3} From fiscal 2012 onward, we will curb new investment as we seek

to thoroughly reap the benefits of the large investments we have made to date.

And at the same time as introducing 3D and LED-backlight LCD models, we will develop products for high-volume segments, especially in emerging countries. In fact, we have set a goal of selling more than 11 million units in emerging countries in fiscal 2013.

^{*1} IPS stands for In-Plane-Switching mode system and is a type of TFT LCD display technology. It produces stunningly high-quality pictures even when a TV is viewed from an angle.

^{*2} Original Equipment Manufacture: The manufacture of products under the brand names of customers.

^{*3} Original Design Manufacture: The design, development and manufacture of products under the brand names of customers.

Digital Cameras

In digital cameras, we aim to expand sales of LUMIX brand models to at least 20 million units per year to become one of the top three in the industry.

In digital interchangeable lens system cameras, we strengthen product competitiveness for raising our market share to more than 10% by offering the world's smallest and lightest cameras, drawing on the advantages of mirror-less structures.

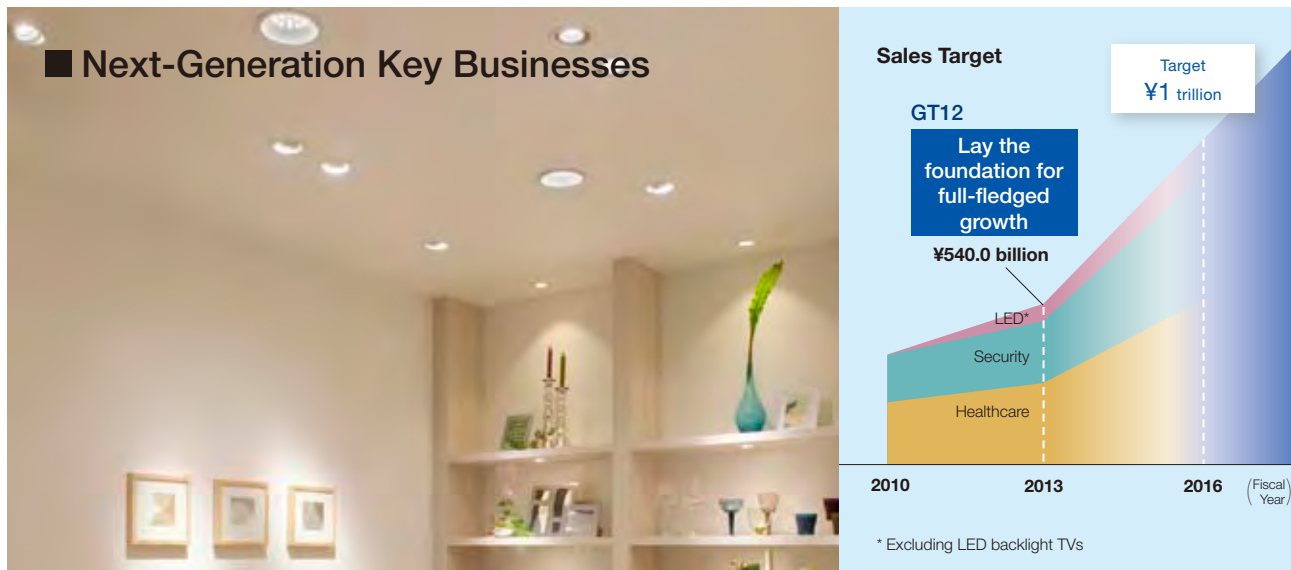
In the compact camera category, greater collaboration with SANYO should enable us to expand our lineup, particularly in the high-volume segments, as we seek to capture new demand especially in emerging countries.

Strengthen Product Competitiveness of Flat-Panel TVs

- PDP TVs: Make "3D = Panasonic"
Significantly improve energy-savings performance
FY2013 3D TV ratio 70% (unit base)
- LCD TVs: Expand LED backlight TVs
FY2013 LED TV ratio 60% (unit base)

Expand Sales of Digital Cameras

- Become a Top 3 in the industry with LUMIX sales of 20 million units
- Digital interchangeable lens system camera business
Make a key business with more than 10% market share
- Compact camera business
Capture new demand mainly in emerging countries



We have positioned Healthcare, Security and LED as next-generation key businesses. From these three businesses, we aim to generate combined sales of ¥1 trillion in fiscal 2016. As a stepping stone to this, we will lay the foundation for full-fledged growth over the next 3 years of GT12 to generate sales of ¥540.0 billion in fiscal 2013.

Healthcare Business

One of our strengths in the Healthcare Business is a wide range of products, from hearing aids and home healthcare appliances to blood glucose monitoring systems and equipment for hospitals. We have identified three important fields: In-hospital work assistance, early diagnosis/treatment and home healthcare. We will unify Panasonic Group strategies in these fields as we seek to accelerate business development, which will also entail sharing sales channels and jointly developing new products.

On October 1, 2010, Panasonic Shikoku Electronics Co., Ltd., which accounted for 48% of healthcare sales in the Panasonic Group will be renamed Panasonic Healthcare Co., Ltd. By fiscal 2013, we aim to raise the contribution of Panasonic Healthcare Co., Ltd. to at least 87%, making it a driving force in the Panasonic Group's Healthcare Business.

Security Business

The Security Business targets a ¥100 billion increase in sales in fiscal 2013 by expanding overseas sales.

LINK products, which combine network cameras and communications systems, is one of our target growth areas. We will also build up our engineering capabilities overseas and promote alliances with leading companies.

Alliances with leading companies are also a feature of our strategy for the building systems field.

LED Business

In LED lighting, our fiscal 2013 target is for growth of 4.5 times the fiscal 2010 level. In both bulbs and lighting fixtures, we aim to capture the No. 1 share in Japan. Overseas, we plan to develop sales channels in specific markets such as BtoB and government-related customers.

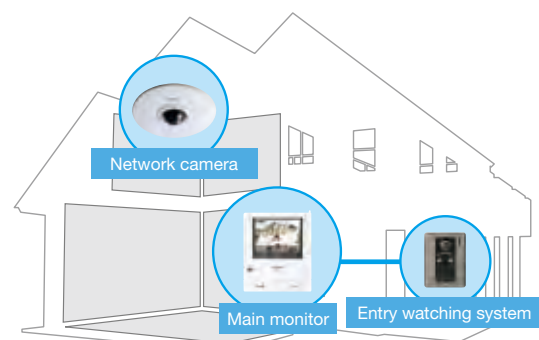
With centralized purchasing of LEDs, including for TVs, we will pursue our size advantage. We will also strengthen overseas production bases.



A Robotic Bed, part of which transforms into a wheelchair.



LED bulbs, EVERLEDS series

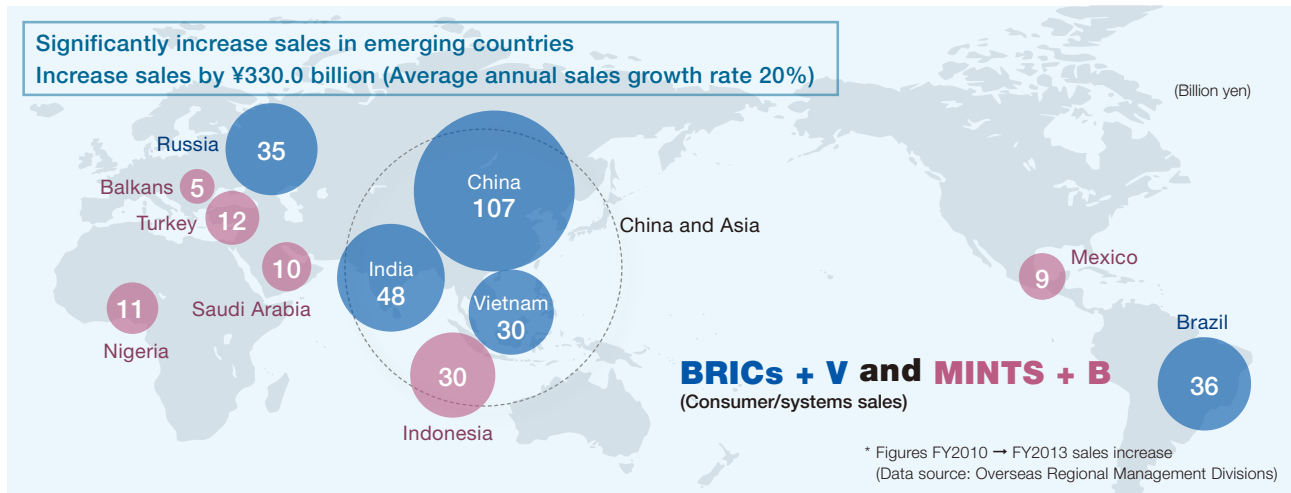


Panasonic plans to expand sales of LINK products, which fuse various equipment and devices.

Midterm Strategy for Panasonic Group 2

Expand Overseas Businesses Centering on Emerging Countries —Shifting Toward Being Globally-oriented—

Raise the Group's overseas sales ratio to 55% in fiscal 2013, from 48% in fiscal 2010.



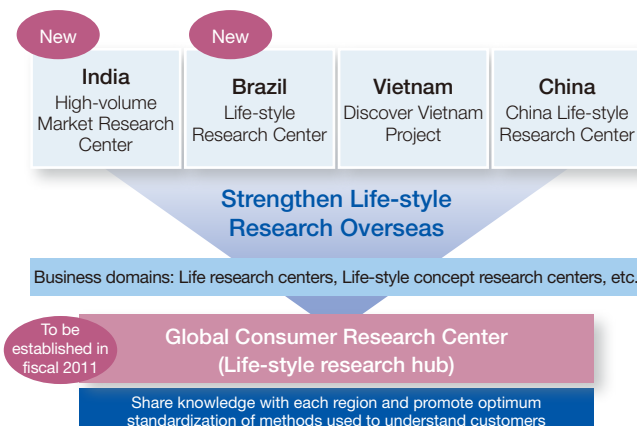
GT12 calls for a shift toward being globally-oriented. In line with this policy, we will expand business overseas.

We aim to grow total consumer and systems product sales in BRICs + V and MINTS + B to ¥330.0 billion and raise the Group overseas sales ratio to 55% in fiscal 2013, from 48% in fiscal 2010.

Our strategy is to target the high-volume segments through customer perspective manufacturing, expand the home appliance business globally and shift resources overseas.

Manufacturing innovation will be crucial for our high-volume segments strategy. Product planning from a customer perspective will also be important. We will therefore strengthen existing life-style research centers and projects, and establish new life-style research facilities in India and Brazil. We will establish the Global Consumer Research Center in Japan in fiscal 2011 to support the research activities of each region and business domain company, and strengthen our operations as a Group.

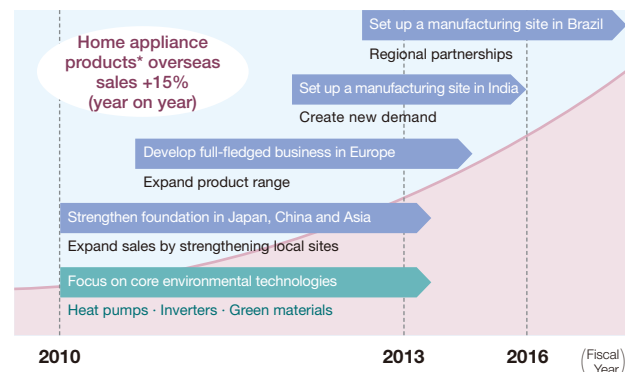
Product Planning for Consumers



Our goal is to increase our sales of products to the high-volume segments to around ¥1 trillion in fiscal 2013.

We will strengthen every aspect of the home appliance business in particular. The core of this business consists of Japan, China and Asia. While reorganizing and reinforcing existing manufacturing and sales bases, we will continue working to grow sales in these core markets. In the European market, we will quickly enhance our product lineup by using local OEM suppliers and other outside resources in a bid to grow sales. India and Brazil are two more markets where we intend to thoroughly strengthen and expand business. New manufacturing sites will be set up for this. Core environmental technologies, such as heat pumps, inverters and green materials, are important for developing home appliance products for each region. We will thoroughly refine these technologies to attain an annual growth rate of 15% in overseas sales of home appliance products.

Expand Global Home Appliance Business



* Air conditioners, refrigerators, washing machines, microwave ovens, vacuum cleaners, small kitchen appliances, etc. (Home Appliances Company)

Midterm Strategy for Panasonic Group 3

Strengthen Solutions and Systems Businesses —Shifting to a Solutions and Systems Orientation

The increasing commoditization of electronic products is driving a vital paradigm shift to a solutions and systems orientation. Key to this shift will be to change the structure of our businesses by fully utilizing the comprehensive capabilities of Panasonic. In fiscal 2013, we aim to generate ¥2.6 trillion in sales from our systems and equipment business, compared with ¥2.2 trillion in fiscal 2010. Of these sales, ¥1 trillion would be accounted for by overseas sales, lifting the overseas sales ratio to 39%.

We have various strategies in hand for boosting overseas sales.

- Put in place an organization designed for each industry, or specializing in environmental and energy-related products.
- Secure personnel for localization and strengthening engineering.

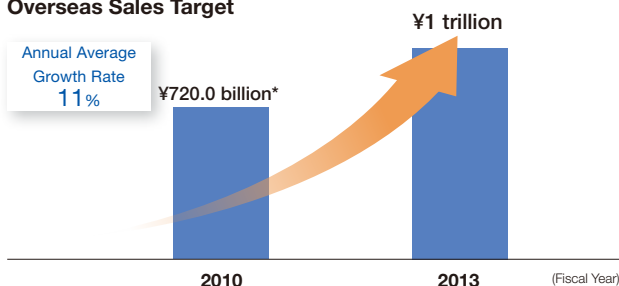
- Strengthen collaboration with local SI companies.

Panasonic will establish a system that promotes Group-wide business. The Corporate Division for Promoting Systems and Equipment Business will spearhead Panasonic Group efforts to develop and offer solutions packages to seven major fields,* including educational facilities, hotels and medical facilities. Taking this a step further, we will develop a comprehensive solutions-type business model covering planning, sales, services and maintenance.

Our aim is to provide truly comprehensive solutions that are fully coordinated from planning to maintenance and that freely combine our six key businesses.

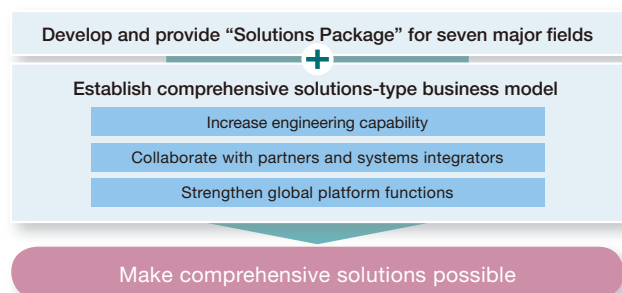
* Seven major fields: educational facilities, hotels, medical facilities, transportation and airports, offices and factories, retail and distribution facilities, and homes.

Overseas Sales Target



* Figures for FY2010 include annual figures for SANYO.

Group-Wide Collaboration



Promote and Implement Collaboration With SANYO

We expect collaboration with SANYO to yield an increase in operating profit of over ¥80 billion* in fiscal 2013. Business collaboration should generate ¥52.0 billion of this. The remaining ¥38.0 billion relates to benefits from strengthening the management structure.

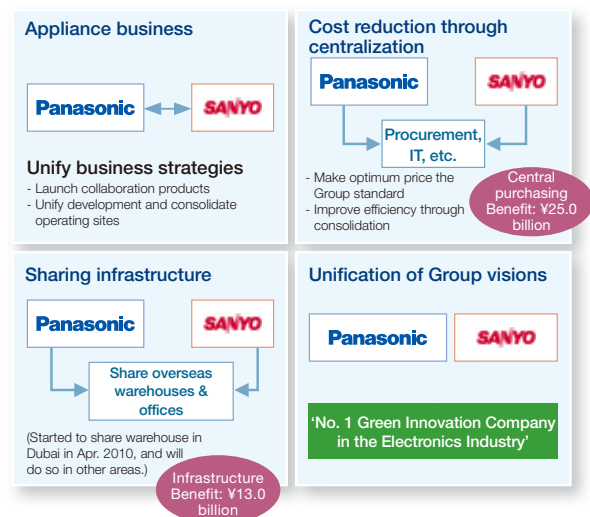
Business Collaboration targets stronger lineups and entry into new markets. Included here is the cooperative development of products in the home appliances business. Furthermore, in order to improve Group efficiency, product development processes will be integrated and, operating sites streamlined.

Consolidation of material procurement is one example of measures to strengthen the management structure. Projected cost savings here are ¥25.0 billion in fiscal 2013. The sharing of infrastructure and know-how, meanwhile, could produce benefits in fiscal 2013 of ¥13.0 billion.

Collaboration between Panasonic and SANYO also extends to unification of group visions and the 'eco ideas' logo.

* Including sales decrease, etc.

Collaboration Examples



Management Innovation for Supporting Group Strategy

Management innovation will support the execution of the Panasonic Group's midterm strategies. Management innovation here encompasses contributing to the environment, strengthening our ability to create new businesses, and practicing cash flow-oriented management. We will implement measures based on these themes on a Groupwide basis.

Environmental Contribution

Contributing to the environment is an important theme for management innovation as well as a goal in itself for our businesses. In terms of reducing CO₂ emissions, in addition to past efforts to reduce emissions from production activities, we will reduce emissions from the use of our products. We aim to cut total CO₂ emissions by 50 million tons (compared to the estimated amount of emissions in fiscal 2013 assuming that no remedial measures were taken since fiscal 2006). Moreover, we plan to increase CO₂ reductions further by fiscal 2019, when we expect total emissions to peak out and begin to decline.

Resource recycling is one more important theme for contributing to environmental protection. Here our focus is on recycling-oriented manufacturing.

Panasonic aims to be a company that minimizes total resources used and maximizes recycled resources; and achieves zero waste from production activities. GT12 includes three themes toward achieving these goals: increase the use of recycled resources, achieve zero emissions at plants, and develop 3R (Reuse/Reduce/Recycle) design and recycling technologies. Guided by these three themes, our efforts will extend from the design stage and cut across the Company.

Strengthening Capability to Generate New Businesses

Our internal business domain companies will boost our ability to develop new businesses by investing ¥230.0 billion with the aim of generating total sales of more than ¥1.1 trillion over the next three years. Simultaneously, Panasonic's Head Office will focus on large-scale new business creation and has earmarked at least ¥77.0 billion for strategic investments over the next three years.

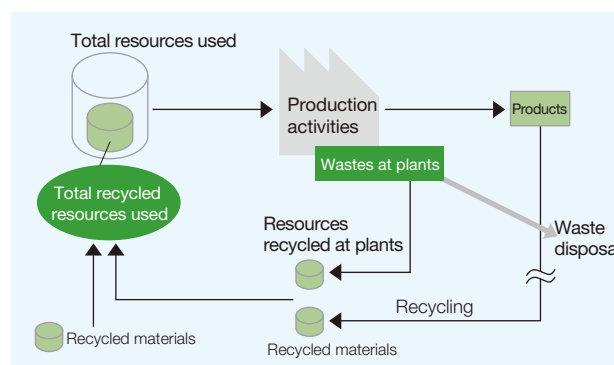
Cash Flow-Oriented Management

Promoting a business portfolio strategy is one of our main initiatives towards cash flow-oriented management, with the goal of generating at least ¥800.0 billion in free cash flow. Essentially, we have divided our businesses into four categories. This will help us to make the best investment decisions according to growth potential and profitability in each.

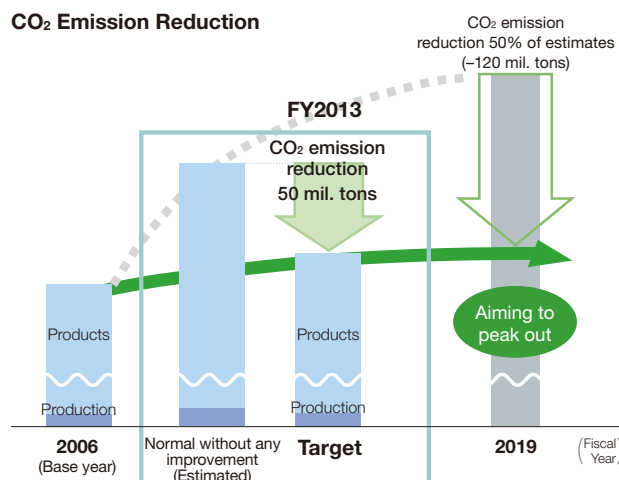
We have launched the Midterm Enhanced Cash Flow Management Project with the goal of improving our ability to generate cash flows at operating sites. The project's aims are to maximize investment returns by enhancing monitoring of large-scale investments, and to improve working capital by applying the concept of theoretical inventories throughout the Panasonic Group.

We aim to generate ¥800.0 billion or more in free cash flow over the next three years through these measures. Making our net cash position positive as early as possible, we will restore the strong financial position we have had in the past.

Recycling-Oriented Manufacturing



CO₂ Emission Reduction



* Products here refers only to main finished products

Cash Flow-Oriented Management

Carry out business portfolio strategy

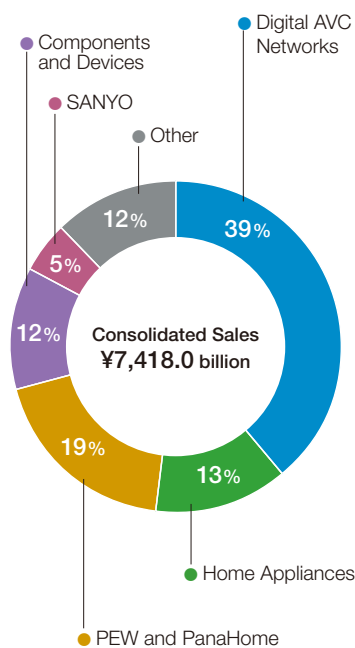
Businesses to support next-generation	Invest and develop for future
Key businesses	Drive growth for Group
Businesses to be vitalized	Revitalize by renovating and shifting strategies
Businesses to be withdrawn	Shift resources to growth areas by selling or closing down businesses

Improve cash flow generation capability

Midterm Enhanced Cash Flow Management Project	Centralize procurement, strengthen design value engineering	Internalize cost management process
Management of large-scale investments Theoretical inventory applied throughout all Group companies	Cost reduction of more than ¥1.5 trillion	Apply to all products

Business at a Glance

■ Percentage of Fiscal 2010 Sales



- Notes 1. SANYO Electric Co., Ltd. and its subsidiaries became consolidated subsidiaries of Panasonic in December 2009, resulting in the addition of the SANYO segment. The earnings of SANYO and its subsidiaries from January 2010 are included in the Company's operating results for fiscal 2010.
2. Panasonic Communications Co., Ltd., which belonged to the Digital AVC Networks segment and the System Solutions Company were integrated in January 2010 to form the System Networks Company.
3. The Company has changed the transactions between the Global Procurement Service Company and the Other segment since April 1, 2008. Accordingly, sales results for Other and Corporate and eliminations for fiscal 2007 and fiscal 2008 have been reclassified to conform with the presentation for fiscal 2009.
4. The healthcare business was transferred to Panasonic Shikoku Electronics Co., Ltd. on April 1, 2007. Accordingly, the net sales and segment profit for Digital AVC Networks and Home Appliances for fiscal 2006 and fiscal 2007 have been reclassified to conform with the presentation for the year ended March 31, 2008.
5. Sales composition for each business segment includes intersegment transactions.
6. On April 1, 2010, the Motor Company was abolished following the integration of the motor business into the Home Appliances Company.

■ Business Segment

■ Main Products and Services

Digital AVC Networks

Plasma and LCD TVs, Blu-ray Disc and DVD recorders, camcorders, digital cameras, personal and home audio equipment, SD Memory Cards and other recordable media, optical pickup and other electro-optic devices, PCs, optical disc drives, multi-function printers, telephones, mobile phones, facsimile equipment, broadcast- and business-use AV equipment, communications network-related equipment, traffic-related systems, car AVC equipment, healthcare equipment, etc.

Home Appliances

Refrigerators, room air conditioners, washing machines and clothes dryers, vacuum cleaners, electric irons, microwave ovens, rice cookers, other cooking appliances, dish washer/dryers, electric fans, air purifiers, electric heating equipment, electric hot water supply equipment, sanitary equipment, electric lamps, ventilation and air-conditioning equipment, compressors, vending machines, etc.

PEW and PanaHome

Lighting fixtures, wiring devices, personal-care products, health enhancing products, water-related products, modular kitchen systems, interior furnishing materials, exterior finishing materials, electronic materials, automation controls, detached housing, rental apartment housing, medical and nursing care facilities, home remodeling, residential real estate, etc.

Components and Devices

Semiconductors, general components (capacitors, tuners, circuit boards, power supplies, circuit components, electro-mechanical components, speakers, etc.), batteries, electric motors, etc.

SANYO

Solar cells, lithium-ion batteries, optical pickups, capacitors, semiconductors, digital cameras, LCD TVs, projectors, showcases, commercial air conditioners, medical information systems, refrigerators, washing machines, room air conditioners, car navigation systems, etc.

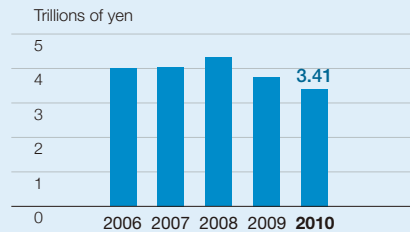
Other

Electronic-components-mounting machines, industrial robots, welding equipment, bicycles, imported materials and components, etc.

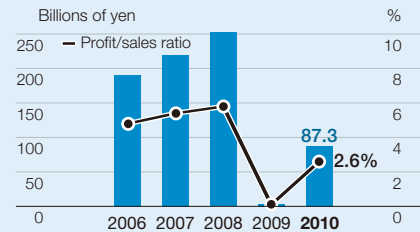
■ Main Business Domain and Group Companies (As of March 31, 2010)

- AVC Networks Company
- System Networks Company
- Panasonic Mobile Communications Co., Ltd.
- Automotive Systems Company
- Panasonic Shikoku Electronics Co., Ltd.

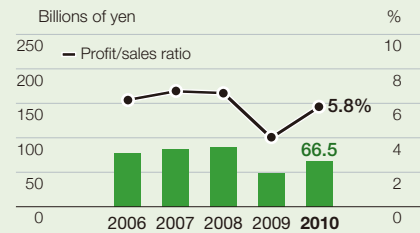
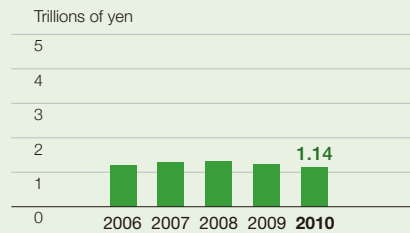
■ Sales (Years ended March 31)



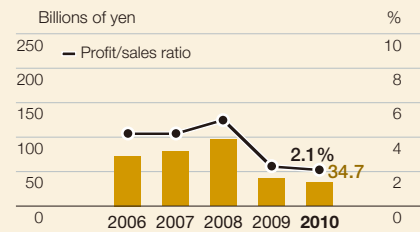
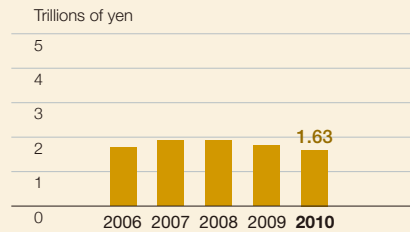
■ Segment Profit (Years ended March 31)



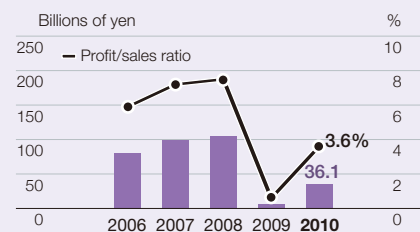
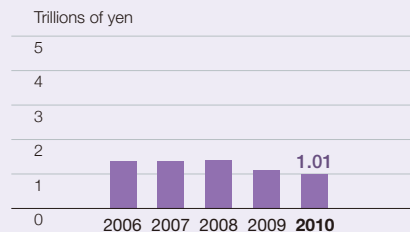
- Home Appliances Company
- Lighting Company
- Panasonic Ecology Systems Co., Ltd.



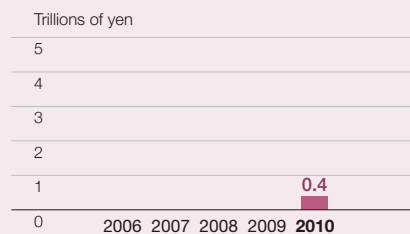
- Panasonic Electric Works Co., Ltd.
- PanaHome Corporation



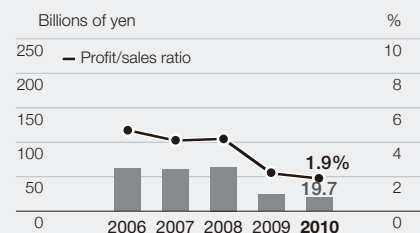
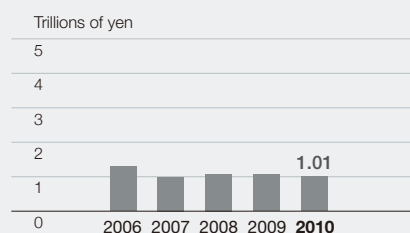
- Semiconductor Company
- Panasonic Electronic Devices Co., Ltd.
- Energy Company
- Motor Company



- SANYO Electric Co., Ltd.



- Panasonic Factory Solutions Co., Ltd.
- Panasonic Welding Systems Co., Ltd.

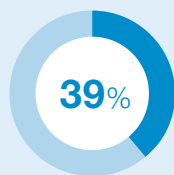


Business Review and Strategies

Digital AVC Networks

Fiscal 2010 Results (Fiscal 2009 results are in brackets)

■ Percentage of Fiscal 2010 Sales



■ Sales

¥3,409.5 billion
(¥3,749.0 billion)

■ Segment Profit

¥87.3 billion
(¥3.2 billion)

Profit/sales ratio

2.6% (0.1%)

■ Digital AVC

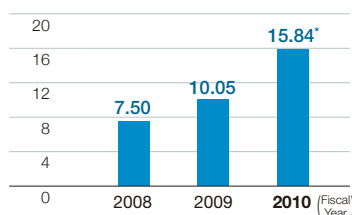
In the digital AVC business, Panasonic is manufacturing a high definition product group containing a variety of AV, security, electronic, and Internet-enabled equipment that can be linked to a flat-panel VIERA TV and easily operated with a single remote (VIERA Link).

In fiscal 2010, the market remained adverse, highlighted by declining product prices. However, as sales moved into a recovery mode, Panasonic took steps to drive growth in

the future, including developing 3D-compatible products that capitalize on the Company's end-to-end solutions. Panasonic has positioned the year 2010 as the dawn of the age of 3D.

Flat-Panel TV Sales Units

(Million units)



* Including external sales of panels.



VT series full HD 3D-compatible plasma TVs

Flat-panel TV Sales Increased 1.6 Times, Rising to 15.84 Million Units

Amid rising global demand for flat-panel TVs, Panasonic expanded its lineup, doubling the number of basic models from the previous year and responding in detail to diversifying market needs. As a result, strong sales were recorded in Japan, where the market was buoyed by the government's "eco-point" program, and in Asia and emerging markets where high growth continued. Unit sales climbed sharply to 15.84 million units, 1.6 times higher than the previous fiscal year.



Fifth domestic PDP plant in Amagasaki (front)



IPS Alpha LCD plant in Himeji

In fiscal 2011, Panasonic will add even greater value to its flat-panel TVs such as by launching plasma TVs that deliver full HD 3D images and bolstering the lineup of LCD TVs featuring LED backlights. Concurrently, the Company will target its wide product lineup at demand for second and third TVs in households in developed countries and for consumers looking to replace their CRT TVs in emerging markets. Panasonic's overarching goal is to expand its flat-panel TVs business, including both plasma and LCD TVs.

In terms of flat-panel TV production, PDP manufacturing began at the fifth domestic PDP plant in Amagasaki in November 2009, and the Company also started operations at the IPS Alpha LCD plant in Himeji in April 2010. These state-of-the-art facilities should raise productivity further, increasing cost competitiveness, as should stepped-up efforts to relocate module and finished product production overseas.

Blu-ray Disc Recorders Drive Sales

The DIGA series of Blu-ray Disc and DVD recorders grew sales amid an expanding market for Blu-ray Disc recorders

along with the spread of digital broadcasting and the popularity of flat-panel TVs. Higher sales were also strongly supported by the networking features of Panasonic's products which enable them to link various devices, as well as basic functions such as extended recording in full HD video and simple operation. Panasonic maintained its top share in the global market as a result.

In fiscal 2011, Panasonic plans to launch a 3D business, with the first^{*1} model in the world to play^{*2} Blu-ray 3D™ Discs. The Company will propose new AV lifestyles in this way.



The DMR-BWT3000 is the world's first Blu-ray Disc recorder that can play Blu-ray 3D™ Discs.

^{*1} As of February 9, 2010. For Blu-ray Disc recorders equipped with a digital tuner. Panasonic estimate.

^{*2} When a 3D-compatible VIERA VT2 series TV is linked via an HDMI cable (high speed).

Note: "Blu-ray," "Blu-ray Disc," and "Blu-ray 3D" are trademarks of Blu-ray Disc Association.

High-Value-Added and Standard Model Digital Cameras Sell Well

The digital camera market remained difficult as demand fell. While sales of Panasonic LUMIX digital cameras edged down slightly year on year, both high-value-added and standard models sold well. Impressively, sales of digital interchangeable lens system cameras, such as the world's smallest and lightest^{*1} GF1 model, grew strongly on the back of widespread support from novices to camera enthusiasts. These cameras were well received for their easy-to-use functions on par with compact cameras as well as high performance and picture quality that only interchangeable lens system cameras can deliver.

Looking ahead, Panasonic intends to build on its market share by developing distinctive products, ranging from compact cameras to digital interchangeable lens system cameras, and developing models to meet local market needs around the world.



The stylish DMC-GF1C is the world's smallest and lightest^{*} digital interchangeable lens system camera and can take movies.

^{*} For a digital interchangeable lens system camera incorporating an internal flash as of April 1, 2010. Panasonic estimate.

Compact, High-Picture-Quality Camcorder Won Market Acclaim in Japan and Overseas

Digital video camera sales were down year on year due to continuous demand and price declines, particularly in Europe and the United States. The HDC-TM30, the lightest compact model on the market, captured the No. 1 share in Japan. The HDC-TM300, a high-end model featuring three proprietary sensors, won market acclaim in Japan and overseas. For example, Camcorderinfo.com™, a major North American reviewer, selected this camcorder as its No. 1 model.

The Company is now strengthening its lineup further as it seeks to offer products to a wider range of users.



The HDC-TM700 is the world's first digital HD camcorder^{*} capable of 1080/60p recording thanks to an advanced 3MOS System for processing red, green and blue independently.

^{*} As of March 10, 2010. For a consumer-use AVCHD standard compliant-video. 1080/60p recording mode is a proprietary mode. Panasonic estimate.

The Worldwide Market Leader in Rugged Mobile Computers for Eight Consecutive Years

In the fiscal 2010 notebook PC market, the Company's Let'snote and TOUGHBOOK series posted lower sales year on year due to dwindling corporate demand both in Japan and overseas. However, Panasonic continued to develop and refine products in these series under the concept of high performance, light weight, long battery life and ruggedness, winning strong acclaim from the market. In particular, the TOUGHBOOK series has maintained the top position in the worldwide market for rugged mobile



The business mobile PC CF-S9J can run on its battery for around 14 hours.

computers for eight consecutive years. And in October 2009, Panasonic added the CF-S and CF-N series business mobile PCs in the lineup for the Japanese market. These Let'snote models feature even higher performance and extended battery life.

Panasonic will continue to provide better and higher performance for customers, helping improve their productivity.

■ System Networks

Panasonic is strengthening its system networks business, which integrates the system solutions and fixed-line communications businesses. This is in response to global growth in the BtoB system market, which is seeing increasing integration of image and communications technologies due to advances in IP. As part of this, on January 1, 2010, Panasonic merged the internal division company System Solutions Company and Panasonic Communications Co., Ltd. to form Panasonic System Networks Co., Ltd.

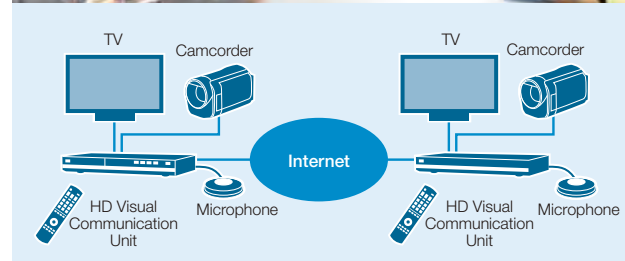
Largest Olympic Winter Games Delivery of System Products at the Vancouver 2010 Olympic Winter Games

In fiscal 2010, Panasonic vigorously developed its business operations overseas, centered on Communication Products for connecting people through voice and image, and Security Products for safeguarding humans, property and information in companies and regions.

A highlight of the past fiscal year was the largest delivery of system products to an Olympic Winter Games at the Vancouver 2010 Olympic Winter Games. Panasonic supplied a range of equipment for the competition venues and the Olympic Athlete Villages, including LED large screen display systems, professional audio systems, DLP® (Digital Light Processing) projectors and AV security camera systems. Panasonic also shared the excitement of the Olympic Games through high-quality images and sound, such as by connecting welcome ceremonies at the Olympic Athlete Villages in Whistler and Vancouver via a HD Visual

Communication System. This also helped cut athlete entourage travel time and costs as well as CO₂ emissions.

In China, Singapore and elsewhere, Panasonic accelerated development of its system solutions business overseas, as it received and delivered large orders for security cameras for railways, airports, road ways and other uses.



HD Visual Communication System for creating realistic communications with high-quality images and sound.

Integrated IP Solutions for Creating New Value

Panasonic is globally expanding its system networks business as well as raising earnings power by providing integrated IP solutions fusing image and communication technologies. This will create more environmentally friendly societies, and safer and more comfortable lifestyles.

■ Mobile Communications

In the mobile communications business, Panasonic offers mobile phones incorporating advanced technologies, and communications infrastructure equipment such as base stations. Through these products, the Company aims to realize a ubiquitous networking society that offers high-level security and greater convenience and comfort. Moreover, Panasonic proposes new lifestyles by linking mobile phones with its other wide-ranging products, such as the DIGA Blu-ray Disc/DVD recorders.

Strengthening of Functions and Targeting Volume Zone

In fiscal 2010, sales were lower than the previous year in the mobile communications business amid persistently weak demand in the Japanese mobile phone market, particularly for high-end handsets. However, Panasonic further sought to add value to the VIERA Keitai series.

Besides enabling users to watch programs recorded on Blu-ray Disc-enabled DIGA recorders, the VIERA Keitai series features cameras with enhanced functionality, including high-speed auto focus and Intelligent Auto (iA) mode. Also, Panasonic captured market share by developing stylish and simple volume-zone handsets emphasizing basic functions.



docomo STYLE series P-02B for NTT DOCOMO
“Rich and cute” swing/slider phone boasting an easy-to-operate touch-screen camera.

Growth With Next-Generation “LTE”^{*1}-Compatible Products

In December 2010, NTT DOCOMO plans to roll out services using “LTE,” a next-generation mobile communications system. Since “LTE” is expected to become a global standard, Panasonic will develop and provide carrier base stations^{*2} and mobile terminals^{*3} in this field, and continue to contribute to the growth of the global mobile communications business.

^{*1} Long Term Evolution; a next-generation high-speed mobile communications system. This will enable data communications rates of up to 100 Mbps.

^{*2} Development in collaboration with Nokia Siemens Networks.

^{*3} Panasonic is developing LTE terminal transmission technology in collaboration with NTT DOCOMO, INC., Fujitsu Limited, and NEC Corporation.

■ Automotive Electronics

In the automotive electronics business, Panasonic operates in wide-ranging fields, from car navigation systems to key devices such as engine control units and batteries for eco cars. As interest rises in green and safer vehicles, automotive electronics are expected to fulfill a wider range of roles, highlighting the considerable growth potential.

Leading the World Market in HD Picture Quality for Automobiles

In fiscal 2010, sales recovered from the previous fiscal year thanks mainly to a rebound in auto sales instigated by government initiatives around the world to spur new car purchases, as well as the lowering of expressway toll charges in Japan, which stimulated demand for ETC terminals. New car navigation system products also drove sales. Strada F Class, for example, won high marks as the first car navigation system to deliver HD picture quality in combination with the world's first in-car Blu-ray Disc player. Panasonic also bolstered its product lineup with the aggressive launch of new products such as portable Strada Pocket car navigation systems.

With demand rising for eco cars, Panasonic's device business also turned in a strong performance.



Car navigation systems

(Left) The CN-HX3000 model is high definition-enabled and features a 7-inch wide-screen XGA monitor.

(Right) The CY-BB1000 is the world's first in-car Blu-ray Disc player.*

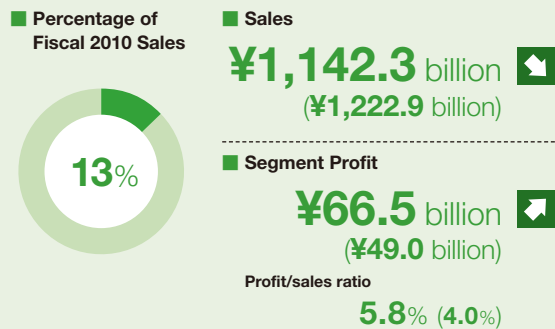
* As of August 1, 2009; as an in-car device. Panasonic estimate.

Expanding Business in Emerging and Other Global Markets

As the auto industry undergoes a major shakeup, Panasonic is vigorously working to expand its business domains by strategically drawing on its extensive storehouse of technologies and devices. Panasonic contributes to the manufacture of new vehicles through its global automotive electronics business in fast-growing emerging and other markets.

Home Appliances

Fiscal 2010 Results (Fiscal 2009 results are in brackets)



Household Appliances/ Refrigeration, Air Conditioning and Heating

Panasonic offers safe, reliable and well-liked products and services in the field of people's daily living closely linked to clothing, food and housing. It also develops products tailored to people's lives and enhances environmental performance.



A one-door refrigerator developed in Indonesia
This series won an Indonesia Good Design Selection award in recognition of its classy design and low power consumption, which takes into account local electricity shortages.

Popular Eco-Conscious Products and Products Satisfying Local Needs

In fiscal 2010, sales in this business declined because of lower demand resulting from the global economic recession since the previous fiscal year, as well as the impact of sluggish room air conditioner sales during unseasonable weather. In Japan, however, refrigerators, room air conditioners, tilted-drum washer/dryers and other product models featuring "ECO NAVI," which automatically saves electricity depending on the mode of use, won strong support as appliances with a high level of environmental performance, thereby driving sales. Sales were especially strong for large refrigerators with a capacity of 400 liters or more, which benefited from the "eco-point" system in Japan, which is designed to make government-designated environmentally-conscious appliances a more attractive purchasing option. Newly launched upright washing machines also sold well, with their water-saving ability based on the "eco wash" system and washing mode for delicate clothes well received by consumers. As a result, Panasonic's mainstay home appliances maintained a high share of the domestic market.

Overseas, Panasonic washing machines saw strong sales in China on the back of a Chinese government home appliance subsidy program. Furthermore, refrigerators and washing machines launched in Europe in March 2009 have sold well as consumers have appreciated their industry-leading environmental performance. Strong sales in Indonesia, meanwhile, reflected Panasonic's lower-cost refrigerators suited to local lifestyles. These refrigerators are the result of detailed local lifestyle studies and collaboration with Japanese technicians.

In April 2010, Panasonic restructured the Motor Company by integrating the Home Appliance and Automotive Motor and Industrial Motor businesses into the Home Appliances Company. Panasonic aims to strengthen its product competitiveness by vertically integrating finished product manufacturing and devices businesses. At the same time, Panasonic will accelerate global development of the home appliances business through greater local product development and optimization of production sites around the world. Moreover, in the environment and energy fields, Panasonic will push ahead with efforts to create new businesses, in addition to fuel cells.

■ Lighting

In the lighting business, Panasonic has been actively developing products that conserve energy and resources, and are based on universal design. The Company has maintained a top-class share in the lighting field in Japan.

LED Bulbs Sales Strong; Increased Production to Meet Higher Demand

In fiscal 2010, market conditions remained difficult, highlighted by contracting demand due to economic stagnation, and an extended replacement cycle as lamps last longer. Amid these conditions, low power consumption and long-life LED bulbs were released under the EVERLEDS brand in Japan to a strong response from the market. Small LED bulbs for E17 sockets, which can replace small incandescent bulbs, were particularly popular. Coupled with the beneficial effect of Japan's "eco-point" system, sales steadily increased. Due to the rapid expansion in demand for LED bulbs, production was moved to a facility in Indonesia that can manufacture large quantities in December 2009. This plant can manufacture 300,000 units per month and is ramping up its production as well as production efficiency by capitalizing on expertise in producing ball-type fluorescent lamps.



LED bulbs, EVERLEDS series
Compact and highly efficient based on proprietary heat dissipation technology.

While expanding the lineup of LED bulbs, Panasonic intends to increase sales of energy-saving lamps in Japan and abroad such as by launching popular-priced Pa-look Ball series lamps in emerging markets where demand is growing rapidly.

■ Environmental Systems

In the environmental systems business, Panasonic is developing ventilation fan systems, indoor air quality products and environmental engineering businesses to offer environmentally-conscious and comfortable lifestyles, and a recycling-oriented society.

Developing Environmental Technologies Globally

In fiscal 2010, sales declined due partly to a decrease in ventilation fan sales, which were impacted by much lower housing starts in the U.S. and Japan. On a brighter note, in Japan, air purifiers and nano-e generators to combat influenza performed strongly. Moreover, sales of ultra pure water manufacturing equipment for plasma and LCD panels, lithium-ion batteries and other production equipment were strong. Overseas sales grew on the back of rising demand for ceiling fans, particularly in Asia. At the 6th Eco-Products International Fair held in Indonesia, Panasonic introduced a rock wool deodorizer system, and its sophisticated environmental technologies were well received.

Going forward, Panasonic will step up its operations in the environmental systems business worldwide such as through greater localization of development, production and sales activities, especially in Asia where higher demand for ventilation fans is expected.

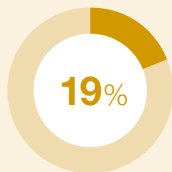


Rock wool deodorizer system
This system utilizes the power of microbes to eliminate odors from livestock excreta and at organic refuse composting facilities.

PEW and PanaHome

Fiscal 2010 Results (Fiscal 2009 results are in brackets)

Percentage of Fiscal 2010 Sales



Sales

¥1,632.1 billion
(¥1,766.3 billion)

Segment Profit

¥34.7 billion
(¥40.1 billion)

Profit/sales ratio

2.1% (2.3%)

PEW

PEW provides products that address various social trends such as energy and environmental conservation, safety and security, health, and comfort and convenience. It is also developing business globally with the aim of realizing synergy between comfort and eco-consciousness.

Sales Grow in Environmentally-Conscious Products

In fiscal 2010, PEW saw residential lighting, wiring devices and other products struggle, leading to a decline in sales overall, amid lackluster private-sector capital expenditures and falling new housing starts. However, sales began



Massage Sofa

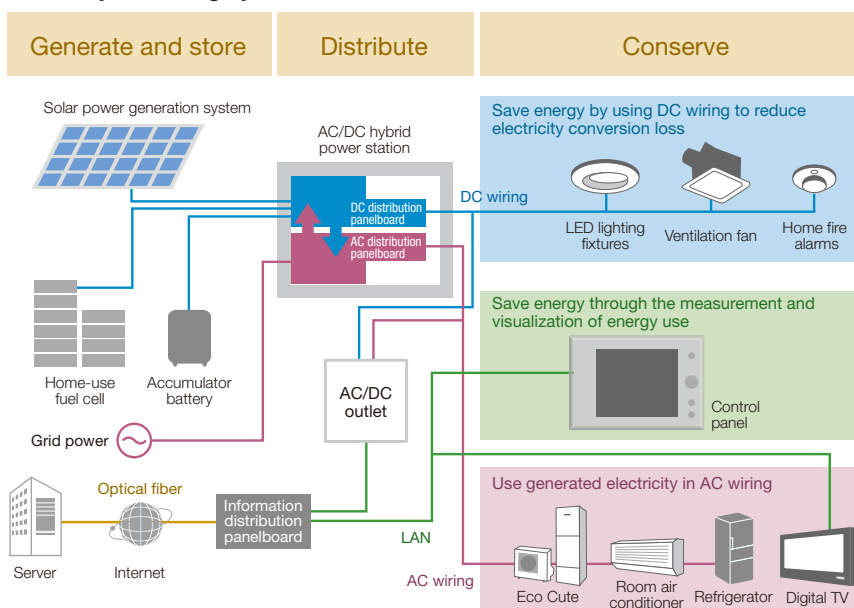
This new sofa-like massage chair blends in well with home interiors. It received a Good Design Gold Award 2009.

recovering from the latter half of the fiscal year due to a steady economic recovery brought about by stimulus programs in Japan and overseas.

In Japan, PEW posted higher sales of environmentally-conscious lighting products such as LED lighting. In addition, sales of new products grew steadily, including the hair dryer “nano care”, which provides UV care with “nano-e” particles, and Massage Sofa, which won strong acceptance in the market for interior design qualities. Modular kitchens and unit baths in the standard-price range also showed steady sales growth. Moreover, PEW aggressively expanded sales of automotive devices such as EV relays and Back & Corner (B&C) sensors in step with growing demand for eco cars in Japan.

Overseas sales staged a recovery on rising demand for devices for use in vehicles, digital home appliances and mobile phones which was fanned by economic stimulus programs particularly in China.

AC/DC Hybrid Wiring System Schematic



This system reduces energy loss by efficiently distributing AC power supplied by electricity utilities and DC power generated by home solar power generation and fuel cell systems.

Actively Promoting Global Strategy and Developing New Businesses for Synergy Between Comfort and Eco-consciousness

Looking ahead, PEW will expand businesses by providing products tailored to local needs, particularly in electrical construction materials and building products in the key regions of China, Asia and India. Additionally, PEW will promote R&D on an AC/DC hybrid wiring system, a next-generation residential power distribution system to reduce CO₂ emissions and save energy. In addition PEW will develop new

businesses, offering well-balanced products in terms of comfort and eco-consciousness such as LED lighting products, for comfortable living and eco performance.

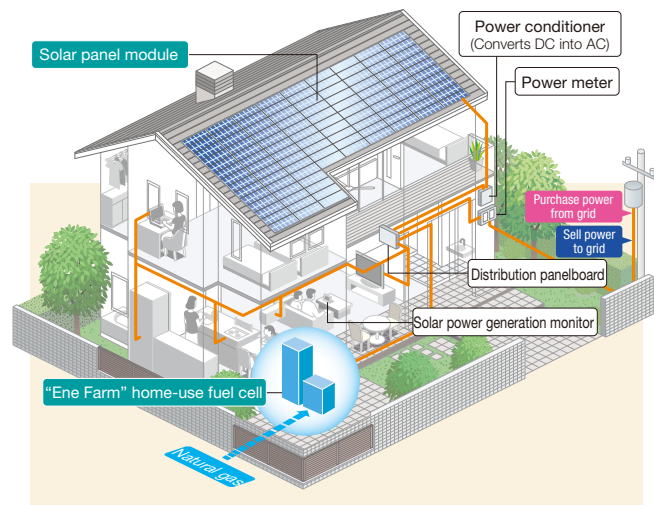
■ PanaHome

PanaHome is developing its business under the basic concept of offering “Eco-Life Homes” that provide people- and environment-conscious living spaces. PanaHome centers on detached housing, asset management and home remodeling businesses, emphasizing safety and security, health and comfort, and energy generation and conservation.

Actively Offering People- and Environment-conscious Homes With Superior Quality and Design

In fiscal 2010, PanaHome actively developed “Overnight-stay Model Homes” and built business relationships by strengthening collaboration with Panasonic electric dealers. However, the housing market remained weak, leading to a decrease in sales.

In the detached housing business, PanaHome diligently pursued its superior environmental performance and energy conservation technologies, including solar power generation systems and all-electric home design fixtures. In particular, it focused on promoting homes fitted with solar power generation systems as a standard feature. These systems have garnered attention due to a government subsidy program and doubling of the feed-in tariff. In recognition of strong acceptance for these activities, PanaHome won the House of the Year in Electric 2009 prize of excellence, receiving a House of the Year award for the third consecutive year. To secure orders, PanaHome also introduced a range of new homes boasting superior



Double Power Generation system

This combines a solar power generation system with the “Ene Farm” home-use fuel cell to achieve large heating and lighting cost savings, as well as CO₂ emissions reductions.

environmental performance and quality, including homes in step with the Japanese government’s long-life housing-policy priorities at affordable prices.

In the asset management business, PanaHome expanded its customer base by launching a rental apartment housing package that enables owners to secure high returns by altering property specifications and making other changes. In medical and welfare facility construction, PanaHome promoted senior-citizen housing initiatives. Notably, in recognition of PanaHome’s extensive expertise in property management and construction, three of its proposals were adopted in a public tender for a model project for the stable provision of housing for the elderly sponsored by the Ministry of Land, Infrastructure, Transport and Tourism in Japan.

Going forward, PanaHome will continue to build long-life homes to capitalize on the Japanese government’s stimulus program designed to boost housing demand. This program includes tax breaks on mortgages and an “eco-point” economic stimulus program for housing. PanaHome offers the quality and design to maintain high property values over the long term, and to enhance environmental performance using cutting-edge energy generation and conservation technologies such as the Double Power Generation system, which combines a solar power generation system with the “Ene Farm” home-use fuel cell.

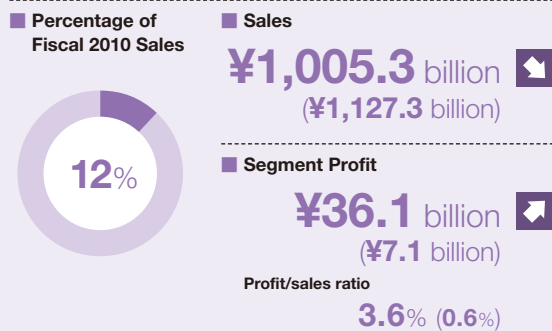


NEW EL•SOLANA

This house was awarded the House of the Year in Electric 2009 prize of excellence.

Components and Devices

Fiscal 2010 Results (Fiscal 2009 results are in brackets)



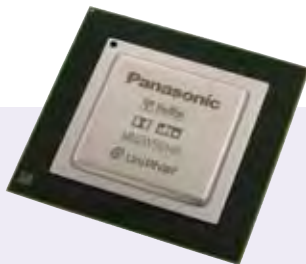
Semiconductors

In the semiconductor business, Panasonic provides a wide range of semiconductor products as total solutions, such as system LSIs integrating multiple functions on a single chip, and image sensors delivering higher picture quality for digital cameras.

New UniPhier®* System LSI Developed for 3D Applications

In fiscal 2010, sales improved after hitting the lowest point in the fourth quarter of fiscal 2009, supported by strong sales of system LSIs for optical discs and image sensors for digital cameras. In addition, Panasonic developed a new UniPhier® system LSI for displaying high-resolution 3D images, providing network capability and enabling other functions. This new system LSI is incorporated in 3D-compatible plasma TVs and Blu-ray Disc recorders. By the end of fiscal 2010, UniPhier® was applied in a total of 300 digital products.

* Developed by Panasonic, UniPhier® is an integrated platform that enables the sharing and reutilization of software and hardware technology resources across different product categories. UniPhier® helps the Company to achieve great strides forward in development efficiency.



The new UniPhier® system LSI
It is incorporated in 3D-compatible Blu-ray Disc recorders and other products.

32nm Process System LSIs Set for Commercialization

Panasonic developed technology for 32nm process system LSIs with a view to commercialization by the end of fiscal 2011, in order to achieve even higher integration and lower power consumption for semiconductors. Panasonic also strengthened its management structure. Specifically, in the diffusion process, the Company extended the consolidation of operations to large diameter wafers, which facilitate higher production efficiency. In the assembly process, the Company shifted more of its operations to overseas plants.

Lower Power Consumption and Enhanced Cost Competitiveness for High-Volume Segments

Going forward, Panasonic will accelerate the development of products featuring lower power consumption and enhanced cost competitiveness for the high-volume segments of the semiconductor market. Panasonic is also expanding its semiconductor business, taking the global environment into account, such as by increasing sales of its advanced intelligent power devices (IPDs) for power supplies, which lead the industry in terms of reducing standby power consumption. Another measure is to develop power devices employing gallium-nitride (GaN), a new material which achieves higher energy efficiency.

Electronic Devices

The electronic devices business develops products such as sensors, printed circuit boards and capacitors based on three core technologies: membrane and MEMS* technology, circuit board and mounting technology, and power management technology.

* Micro Electro Mechanical Systems: technology related to the production of minute electrical equipment systems created via the silicon process technology used for semiconductors.

Building a Stronger Management Structure and Shifting Focus to Growth Fields

In fiscal 2010, Panasonic reported improved sales due to its vigorous sales activities targeting regions and industrial sectors such as smart phones and netbooks that showed strong growth even amid the economic recession.

Panasonic worked to speed up management and enhance cost competitiveness. While concentrating business resources on growth fields such as devices for eco-cars, the Company achieved new process innovations. For example, Panasonic achieved the rapid launch of new products by promoting localization in activities ranging from manufacturing to sales at overseas sites.

Going forward, Panasonic will press ahead with full-scale entry into emerging markets based on operating infrastructure backed by its stronger management structure. At the same time, the Company will aggressively work in the new fields of environment and energy, and medical electronics where growth is expected, along with the three existing fields of digital AV, information and telecommunications, and automotive electronics.



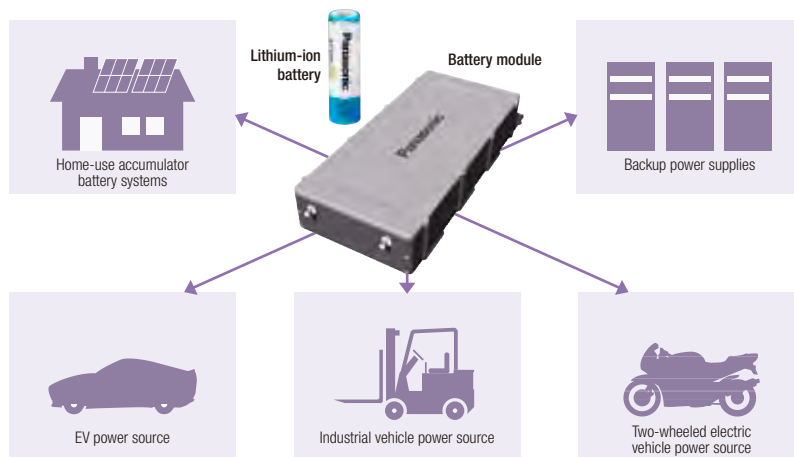
Panasonic continued to command dominant shares in the markets of film capacitors for hybrid vehicles (Photo ①) and angular rate sensors (Photo ②), as well as maintained its leading global market share for car speakers (Photo ③), light touch switches and certain other products.

Batteries

In the primary battery business, Panasonic globally provides dry alkaline EVOLTA batteries, which have won recognition for their long life. In rechargeable batteries, the Company is expanding its business focusing on lithium-ion batteries.

Development of High-Capacity Lithium-Ion Batteries and Battery Modules

In fiscal 2010, sales declined in the battery business amid prolonged weak demand caused by the economic downturn. In these circumstances, Panasonic started to produce large volumes of high-energy-output 3.1Ah lithium-ion batteries (18650 size) in December 2009 ahead of competitors. Demand for lithium-ion batteries is expected to increase along with the uptake of eco-cars. Besides



Panasonic has developed a lithium-ion battery module which consists of 140 lithium-ion cells (18650 size).

Various applications are possible depending on module configuration.

outstanding safety, Panasonic's lithium-ion batteries boast high energy output and durability thanks to their nickel-based cathodes. Panasonic has also developed batteries that employ alloys as materials for anodes, as it seeks to respond to demand for even higher energy output and longer life. It is also accelerating development with the view to commercializing lithium-ion battery modules that can be used in a multitude of applications such as home-use accumulator battery systems and electric vehicles.

Electric Motors

The electric motors business aims to help customers achieve innovation in their finished products and to protect the global environment through the development of energy-efficient motors.

Accelerating Our Growth Strategy Through Business Reorganization

In fiscal 2010, sales improved overall, despite a slow recovery in the Japanese market, thanks to steady growth in sales of air conditioner motors in China and industrial motors in China and other Asian countries.

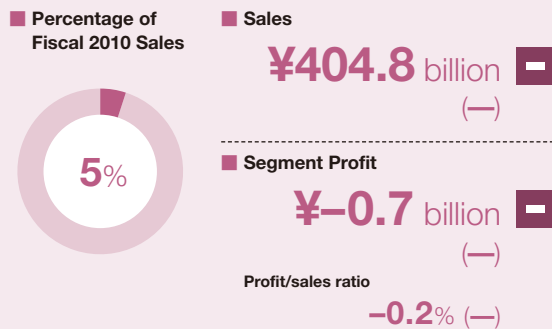


The MINAS-A5 series of FA servo motors was simultaneously released worldwide in September 2009.

Panasonic retained the top share in the Chinese market for FA servo motors, which are incorporated in industrial equipment and other devices. In April 2010, Panasonic reorganized and integrated the Home Appliance and Automotive Motors, and Industrial Motor businesses into the Home Appliances Company. Panasonic also transferred the Information Equipment Motor Business to Minebea Motor Manufacturing Corporation. Panasonic aims to grow globally through the vertical integration of its finished product divisions, including accelerating motor development for energy-efficient home appliances. Another goal is to further develop the electric motors business by expanding sales to external customers.

SANYO

Fiscal 2010 Results* (Fiscal 2009 results are in brackets)



* SANYO Electric Co., Ltd. and its subsidiaries became consolidated subsidiaries of Panasonic in December 2009. Results are therefore for the period from January to March 2010.

SANYO manufactures and sells products in three fields: energy (solar cells and rechargeable batteries), ecology (commercial equipment, home appliances and car electronics), and electronics (electronic devices and digital system devices) to support the energy and ecology fields.

SANYO has developed these businesses globally, placing a great emphasis on energy-related businesses. SANYO is drawing on its unique technologies such as lithium-ion batteries widely used in mobile devices and HEVs (hybrid electric vehicles), and HIT®* Solar Cells, which boast high conversion efficiency.

* HIT is a registered trademark of SANYO Electric Co., Ltd.

Strong Sales Anchored by Solar Cells and Optical Pickups

In the three-month period from January to March 2010, sales of digital cameras struggled due mainly to lower market prices of products. However, overall sales were favorable as demand recovered, particularly for solar cells and optical pickups.

Amid rising demand spurred by economic stimulus programs and environmental policies in various countries, sales of solar cells increased as SANYO strengthened competitiveness with high conversion efficiency and manufacturing cost reductions. Sales of lithium-ion batteries and electronic components such as optical pickups registered favorable growth due to recovering demand in the PC market.

Advanced Energy Solutions Business, Integrating Energy Generation, Storage and Efficiency Technologies

In order to capitalize on business opportunities stemming from a growing worldwide awareness of the need to reduce CO₂ emissions, SANYO will continue developing a new solutions business by leveraging its strengths in rechargeable batteries, solar cell technologies and other areas.

SANYO will promote the Smart Energy System (SES), which sophisticatedly integrates technologies for Energy Generation, Energy Storage and Energy Efficiency to use energy more efficiently. SANYO aims to cultivate businesses related to control devices for the system and relevant services as well as expand its existing businesses.

Smart Energy System (SES)

A smart energy solution that unites SANYO's sophisticated technologies to use energy more efficiently.

Plans call for developing business in various fields, ranging from houses and shops to factories and ships.

Integrated management and control of Energy Generation, Energy Storage and Energy Efficiency.

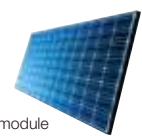
Controller



energy generation

Solar cell technology boasting one of the world's highest conversion efficiency rates.

HIT® solar module



Highly stable and reliable, SANYO's rechargeable batteries command a leading global market share.



Lithium-ion batteries



Large-capacity, high-voltage lithium-ion battery system

energy storage

smart energy

energy efficiency

Energy efficiency technologies that sharply reduce energy use in stores and elsewhere through coordinated control of equipment.



Commercial air conditioner



Showcase

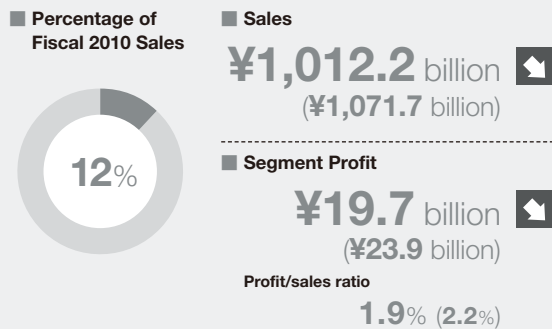


Refrigeration units

SES enables to use energy more efficiently by storing electricity generated with solar cells and economical late-night rate electricity in lithium-ion batteries for supply to various equipment, making possible reductions in CO₂ emissions and electricity consumption.

Other

Fiscal 2010 Results (Fiscal 2009 results are in brackets)



■ Factory Automation

In the factory automation (FA) business, Panasonic supplies manufacturing systems that support the production of advanced electronic equipment, and is improving the performance of mounting equipment as well as its advanced technology in circuit manufacturing technology. This contributes to customers' businesses through the proposal of various solutions. For example, Panasonic helps make mobile phones, notebook PCs, flat-panel TVs and other products smaller and more sophisticated as well as compatible with digital technologies. The Company's solutions also raise the operating rate of mounting lines and mounting quality. Moreover, in recent years, Panasonic has been strengthening its eco-solutions which yield plant CO₂ reductions.

Full-scale Market Launch of Full Dual Lane Mounting System

In fiscal 2010, order conditions improved in the East Asian market, led by China, although business conditions were

difficult as customers worldwide continued to curb investment. Amid these circumstances, Panasonic maintained a leading global market share in surface mounting equipment and other fields by differentiating its products in terms of enhanced functions.

In surface mounting equipment, Panasonic launched a full dual lane mounting system as a next-generation platform offering outstanding function, flexibility and area productivity as well as future-proofing. By combining the "NPM-DSP (Next Production Modular - Dual Screen Printer)" and "NPM," this system conveys printed circuit boards (PCBs) on two lanes, which can handle the mass production of single modules as well as the mixed production of various different types of PCBs and simultaneously print on the front and rear.

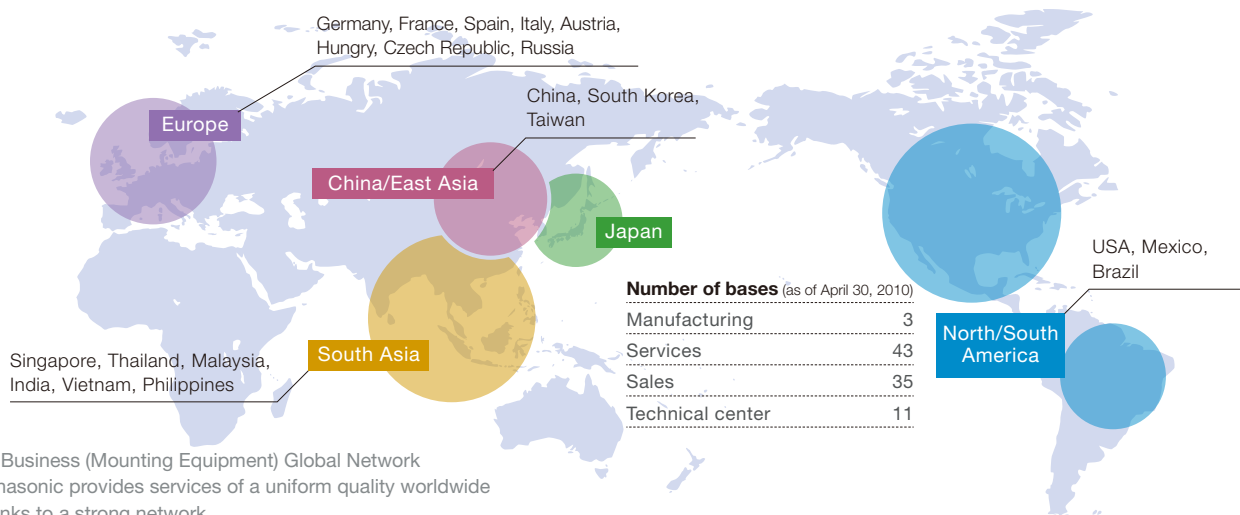


Dual Screen Printer "NPM-DSP"

This printer has won rave reviews for providing a means of improving throughput thanks to zero changeover time and alternate mounting on two lanes even with different types of PCBs and large differences in the number of components on the front and rear.

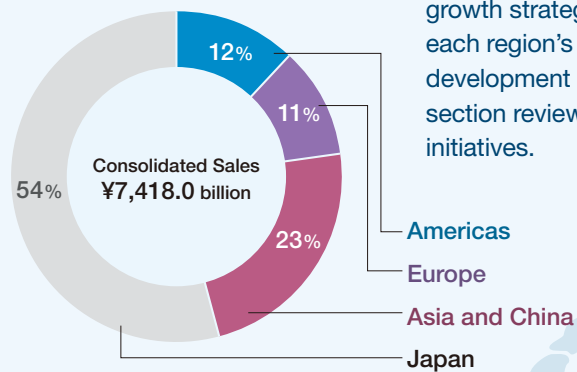
Accelerating Development of Emerging and Other Markets

While strengthening products, Panasonic is improving its service structure, centered on emerging markets, as it continues efforts in new markets. Additionally, Panasonic will make environmentally-conscious mounting system proposals that increase productivity and quality while reducing resource and energy use in mounting manufacturing facilities.



Overseas Review by Region

Fiscal 2010 Share of Sales by Region



Panasonic has set double-digit growth in overseas sales as one of its growth strategies. The Company conducted numerous activities tailored to each region's characteristics as well as executing regional product development to meet the needs of and respond to local lifestyles. This section reviews each region's sales performance and specific regional initiatives.

Americas

Expand 3D TV Sales and Enter New Markets

In fiscal 2010 in North America, Panasonic enhanced direct sales channels focused on the education, sports and entertainment industries, enabling sales teams to strengthen relationships with their customers in these industries. In Latin America, Panasonic tailored a marketing strategy specific to broadcasters, public institutions and certain other customers, allowing it to offer products that responded to market needs. Despite these efforts, BtoB (business-to-business) sales in the Americas

remained sluggish, resulting in lower sales for the region as a whole year on year.

In North America, Panasonic aims to achieve sustained growth and improve profitability by increasing sales of 3D TVs and implementing other key strategic initiatives. In Latin America, Panasonic will introduce air conditioners, refrigerators and other large home appliances in Brazil and Mexico as part of efforts to develop new markets.

Europe

Concentrating on Environment and Energy Business and 3D

In fiscal 2010, Panasonic actively introduced major home appliances such as refrigerators and washing machines under the banner of its "European Market-Entry of White-Goods Project." These products won high marks for their environmentally-conscious functions and design, enabling them to achieve more sales than planned.

Under its new midterm management plan, Panasonic aims to achieve strong growth in Europe with a more agile and efficient organization than before. In particular, Panasonic will establish a sales organization specializing in sales of energy solutions. This new group is spearheading

sales of environmental and energy-related products such as heat pumps and home energy management systems (HEMS). It is also aiming to quickly create a market for 3D products as another product strategy. One activity will be to show live 3D broadcasts of the French Open tennis tournament in shop front displays.

In terms of regional strategy, Panasonic hopes to realize strong growth by focusing business resources on countries with high growth potential, such as the Balkan countries, Turkey and Southern Europe to increase market share.

Asia and China

Expand New Asian Products to Other Regions

In fiscal 2010, Panasonic's sales in Asia and China rose year on year on the back of higher sales centered on the three large growth markets of India, Vietnam and Indonesia. In China, Panasonic achieved double-digit growth in sales. Looking ahead, Panasonic will develop products for the high-volume segment at Asian bases and introduce these products to the Middle East, Africa, and Latin America through stronger cooperation among regions.

In particular, Panasonic is ramping up the development of products for the high-volume segment in China. The goal is to expand sales in second- and third-tier Chinese cities where increasing urbanization is expected to spur higher demand. The newly formed Equipment Business Promotion Office will take the lead in establishing a business model for providing complete solutions for customers, from system proposals to installation, and maintenance and services.

Topics



Panasonic's LED large screen display systems at the Olympic Winter Games Live Site.



Outdoor advertising of a Panasonic digital camera (top) and flat-panel TV (bottom) in Istanbul, Turkey.



Ribbon-cutting ceremony for the launch of the new R&D center in Hangzhou, China.

Americas

Aggressively Promoted Full HD 3D PDPs at Vancouver 2010 Olympic Winter Games

At the 2010 Olympic Winter Games held in Vancouver, Canada, in February 2010, as one of the Official Worldwide Olympic Partners, Panasonic supplied numerous large screen professional display systems, AV security camera systems, HD visual communication systems, and other equipment. Panasonic has been actively contributing to the Olympic Games for more than 20 years dating back to the 1988 Calgary Olympic Winter Games in Calgary, Canada. In Vancouver, Panasonic established the Panasonic Olympic Pavilion at the Olympic Winter Games Live Site, where the Company showcased 3D and other cutting-edge audio-visual technologies during the Games. Panasonic's Full HD 3D Theater featuring two 103-inch full HD 3D PDPs was very well received by visitors.

Europe

Sales Company in Turkey Established to Lay Growth Foundations in New Strategic Markets

June 2009 saw the establishment of a sales company, Panasonic Elektronik Satis A.S. (PTR), in Turkey, which is part of the so-called MINTS+B,^{*2} a group of newly emerging markets after BRICs+V.^{*1} PTR is conducting sales activities focused on growing retail channels such as Pan-European electric multiple retailers and prominent local electric multiple retailers, mainly in Turkey's four major cities: Istanbul, Ankara, Izmir and Antalya. In terms of product line-up, in addition to digital cordless phones where Panasonic has long held a high market share, PTR is boosting sales activities with the goal of capturing a double-digit market share during fiscal 2013 mainly in digital AV products such as flat-panel TVs and digital cameras.

^{*1} BRICs+V: Brazil, Russia, India, China and Vietnam

^{*2} MINTS+B: Mexico, Indonesia, Nigeria, Turkey, Saudi Arabia and the Balkans (Saudi Arabia was added to this second-tier group of emerging nations, hence the name change from MINTs+B to MINTS+B.)

Asia and China

Appliance R&D Base Established in China

In June 2009, Panasonic established Panasonic Home Appliances R&D Center (Hangzhou) Co., Ltd. This new appliance R&D base will bolster product appeal in the Chinese market by conducting R&D closely aligned with market needs, as well as underpin the global development of Panasonic's appliance business. It will work closely with the China Life-style Research Center, which Panasonic established in March 2005, to develop products based on local consumer lifestyles.

R&D and Intellectual Property

By closely coordinating R&D and intellectual property strategies with business strategies, the Panasonic Group works to develop distinct technologies—the source of its competitiveness—and secure intellectual property rights for those technologies to ensure the strength of its businesses. This approach contributes to the further growth of Panasonic's businesses.

R&D

Achievements During Fiscal 2010

In fiscal 2010, the Company accelerated R&D, mainly in the areas of key R&D topics, energy-saving and environmental technologies. The Company incurred ¥476.9 billion in R&D expenditures in fiscal 2010, which amounted to 6.4% of total sales.

Allocating Research Topics and Engineers Worldwide to Improve Efficiency and Localization

The Company's R&D topics are wide in scope, ranging from digital network software to device and environmental technologies. The Company has established R&D sites at optimal locations globally so that it can make the most of engineers and technologies in Japan, North America, Europe, China and the ASEAN region. At the Panasonic Hollywood Laboratory in North America, for example, Panasonic has developed Blu-ray 3D™-related technologies in collaboration with movie studios located in Hollywood. In Europe and emerging countries, meanwhile, the Company

has built up its development functions of appliances so that its products can be more tailored to regional characteristics in terms of food, clothing and housing.

Shifting Resources to Growth Businesses and Accelerating New Business Creation

In fiscal 2011, Panasonic will continue to concentrate on plasma TV 3D technology and associated power-saving technology, and next-generation organic EL display development, and maintain its focus on energy generation, energy storage, energy management and other energy system-related technologies as key R&D themes. Furthermore, the Company will accelerate the creation of new businesses by promoting "open innovation" through alliances with cutting-edge research institutions such as IMEC of Belgium. The newly established Innovation Promotion Center will collaborate with related divisions within the Panasonic Group, enabling development that extends beyond the existing business frameworks.

R&D Initiative ①

■ Accelerating the Development of Full HD 3D-compatible AV Equipment

Panasonic is accelerating the development of AV equipment compatible with 3D technology, and reinforcing efforts to broadly entrench this advance, so that people everywhere can enjoy the high-quality visual experience of 3D right in their own homes. From the standpoint of user convenience, and recognizing that 3D content should be compatible with Blu-ray Disc players from any manufacturer, the Company has vigorously promoted Blu-ray 3D™ as a shared software standard. Image compression technology developed by Panasonic Hollywood Laboratory has resulted in high-resolution 3D video equal in quality to that found in any movie theater, and has been avidly endorsed by many in the film industry. Propelled by this reputation, most of the proposals made by Panasonic were ultimately adopted, culminating in the establishment of Blu-ray 3D™ as the industry standard in December 2009. Following this achievement, at the International CES held in the United States in January 2010, we unveiled a 152-inch high-resolution full HD 3D PDP featuring a new plasma panel

boasting quadruple luminous efficiency*1. We began taking orders for this model through the professional-use sales channel on July 1, 2010. Furthermore, Panasonic has developed a professional-use 3D camcorder for the film and recording industry, demonstrating its commitment to creating a new market from end to end that encompasses everything from actual filming to the television viewing experience.

Quadruple Luminous Efficiency Technology for Bright, Low-Power Large Displays

Among other developments in fiscal 2010, we improved the luminous efficiency of plasma panels. Accomplishments included generating more ultraviolet radiation, the energy that drives how much light is emitted, through the use of a new Dynamic Black Layer and other techniques; less light emission loss through the development of small-particle phosphors; and re-envisioning panel structure to minimize obstructions to light. These technologies are enabling higher image quality for both 3D and more conventional 2D images. But what's more, they have made energy savings

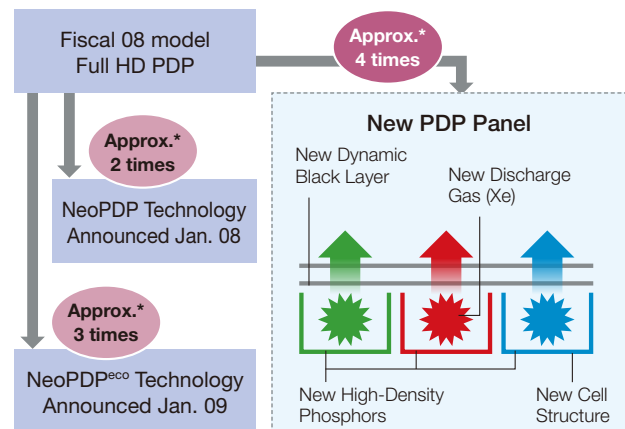
possible for our 42-inch full HD displays, which have a power consumption*² of 95 W, roughly equivalent to a single 100 W light bulb. Additionally, Panasonic has newly developed high-speed 3D drive technology that enables rapid illumination of pixels while maintaining brightness, as well as crosstalk reduction technology for minimizing double-image (ghosting) that occurs when left- and right-eye images are alternately displayed. These technologies made it possible to produce bright, crisp 3D images with no visible afterimage.

Panasonic intends to move forward with enhancing its lineup of 3D plasma televisions, launching professional-use 3D camcorders on the market, and taking other actions in this sector. Similarly, we will take steps to accelerate development aimed at creating appealing products that answer diverse regional and customer needs.

*¹ Panel brightness compared with Panasonic's fiscal 2008 full HD panel at the same level of electrical power.

*² IEC standard for moving pictures

Milestones in Development of High Luminous Efficiency Technology



The new PDP panel, with quadruple the luminous efficiency of panels developed in fiscal 2008, is an evolutionary advancement over the NeoPDP^{eco} panel, which offered a three-fold improvement, developed in January 2009.

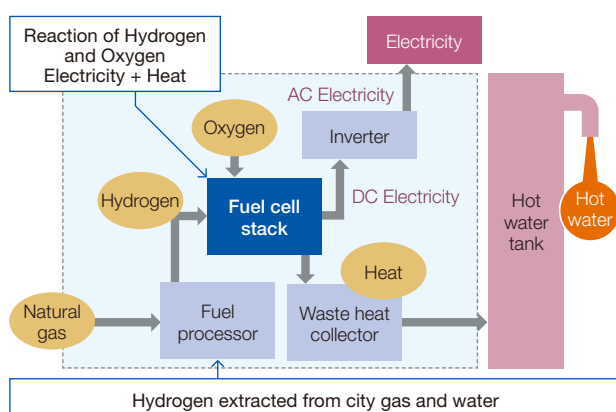
* Panel brightness compared with Panasonic's fiscal 2008 full HD panel at the same level of electrical power.

R&D Initiative 2

Development of Household Fuel Cells as Next-Generation Energy Supply Systems

Panasonic first embarked on the full-scale development of home-use fuel cells back in fiscal 2000, and has taken part in a large-scale field testing program in Japan since fiscal 2006. In July 2008, Panasonic became first in the world to begin shipping these systems, followed a year later by the launch of fuel cells to ordinary consumers via gas utility companies.

How Fuel Cells Work



In fuel cells, hydrogen is used as fuel and the electrochemical reaction with oxygen generates electrical energy which is used as electricity. Since the only waste product from the reaction between hydrogen and oxygen is water, no industrial waste is produced, which is why fuel cells are often referred to as a clean next-generation power generation system. Hydrogen can be extracted from city gas, kerosene and other fuels, enabling fuel cell systems to take advantage of existing fuel supply infrastructure. Future supply sources for hydrogen are expected to become even more diverse, and will include extraction from biogas emitted by organic waste. Among other benefits, power generation via home-use fuel cell

systems reduces electrical energy transmission losses, and allows the heat from power generation to be used for hot water in the home, enabling more effective energy usage.

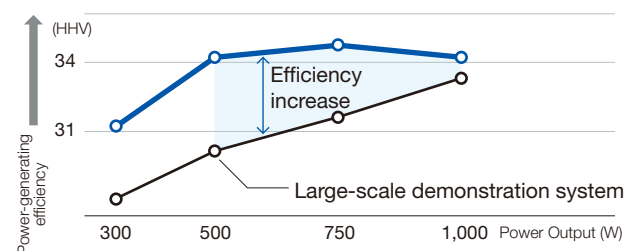
Development of Highly Resilient Stacks and Other Innovations to Ensure the Durability of Household Equipment

The heart of the fuel cell system is the fuel cell stack, which acts as the power generator. But the durability of stacks was an issue for commercialization.

Panasonic, in rigorously dissecting stacks to determine why performance deteriorates, has constructed a predictive evaluation method for assessing stack performance and durability. Leveraging this method, Panasonic has improved stack configuration, materials and operating procedures for a projected useful life of 10 years or more, achieving a level of durability necessary for home-use equipment. Coupled with the development of a fuel processor that allows stable operation in a wide range at high efficiency, a low-loss inverter, and other innovations, Panasonic has realized the highest power-generating efficiency in the world* among comparable products.

*As of April 14, 2008

Power-Generation Efficiency by Power Output



Thanks to fuel processing technology that allows stable operation in a wide range at high efficiency and a low-loss inverter, efficient operation is assured at low output times of around 300 W.

Intellectual Property

Promoting Intellectual Property Strategies that Directly Strengthen Product Competitiveness

The Panasonic Group engages in a wide range of business activities centering on the electronics field, including diverse technologies and product lines. Therefore, it is crucial for the Panasonic Group to acquire patents for core technologies and to efficiently obtain high-quality intellectual property (IP) rights for protecting such product lines. The Panasonic Group works continuously to improve the quality and efficiency of IP assets by selecting patent applications according to innovation assessments, which are based on the degree of contribution to a business and patentability, and by reviewing its inventory of patent rights on a daily basis. Furthermore, Panasonic has an internal database of IP rights and engineers themselves conduct surveys of competitors' technologies at their R&D workplaces on a daily basis. Moreover, IP staff members are involved from the product planning stage to the development stage. New products are designed to avoid the risk of infringing the rights of competitors, thereby reducing the costs associated with those IP rights. In this manner, Panasonic is promoting IP strategies on a global stage that directly strengthen product competitiveness.

Additionally, Panasonic strives to secure and maintain the Group's competitive edge and reduce business risks through the acquisition of design rights to protect unique product concepts, trademarks to enhance Panasonic's global brand image, and other IP rights that are effectively used in businesses.

Promoting International Patent Applications Ranked No. 1 in the World in International Patent Applications

Panasonic focuses on striking a proper balance between the number of patents held in each region and the scale of its business operations, thus promoting IP activities that integrate IP in business strategies. In fiscal 2010, Panasonic, with an eye on business expansion in emerging markets as well as developed countries, worked to strengthen its global IP portfolio through an ongoing drive to file patent applications overseas, mainly in China and India. The Company also pursued greater efficiency and quality in obtaining overseas patents such as by increasingly applying for patents in multiple countries simultaneously under the Patent Cooperation Treaty (PCT) rather than in each country. As a result of this drive, Panasonic ranked first in the world in 2009 for international patent filings under PCT. The Company also ranked second for total patents issued in Japan, while maintaining high rankings in overseas patents in major regions such as the U.S., Europe and China. As of March 31, 2010, Panasonic held 41,633 patents in Japan and 49,906 patents overseas.

2009 World Ranking of International Patent Filings Under the Patent Cooperation Treaty (PCT)

Rank	2005	2006	2007	2008	2009
1	Koninklijke Philips Electronics N.V. (The Netherlands) 2,492	Koninklijke Philips Electronics N.V. (The Netherlands) 2,495	Matsushita Electric Industrial Co., Ltd.* ¹ (Japan) 2,100	Huawei Technologies Co., Ltd. (China) 1,737	Panasonic Corporation (Japan) 1,891
2	Matsushita Electric Industrial Co., Ltd.* ¹ (Japan) 2,022	Matsushita Electric Industrial Co., Ltd.* ¹ (Japan) 2,344	Koninklijke Philips Electronics N.V. (The Netherlands) 2,041	Panasonic Corporation (Japan) 1,729	Huawei Technologies Co., Ltd. (China) 1,847
3	Siemens AG (Germany) 1,399	Siemens AG (Germany) 1,480	Siemens AG (Germany) 1,644	Koninklijke Philips Electronics N.V. (The Netherlands) 1,551	Robert Bosch GmbH (Germany) 1,586

*¹ The Company changed its corporate name from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation on October 1, 2008.

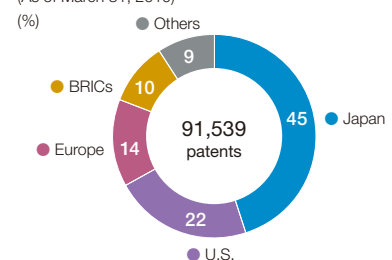
Topics

Developing IP Activities Overseas and Promoting Localization

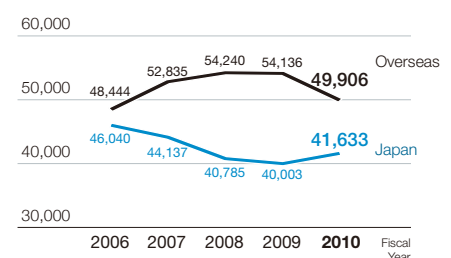
The Panasonic Group has offices of IP experts for conducting IP activities in the U.S., Europe and China as well as Japan that play a vital role in diversifying business and globalizing the R&D structure. In fiscal 2010, Panasonic promoted understanding of the importance of safeguarding IP at the office in China by ensuring that local staff members were familiar with the Company's management philosophy of contributing to the progress and development of society through its business activities. Panasonic also focused on protecting consumers by conducting effective countermeasures against counterfeits on a daily basis at the IP office in China. Moreover, further steps were taken to localize IP operations in China, including filing for patents locally, providing IP training to local employees and collaborating with academia. Looking ahead, Panasonic will encourage greater cooperation among IP offices around the world through the sharing of basic policy and strategy, while promoting the localization of IP operations in each country.

Global Patents Held by Region

(As of March 31, 2010)



Number of Global Patents Held*²



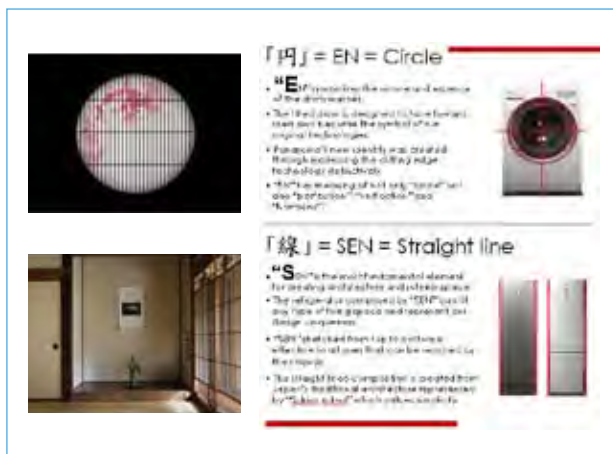
*² Each graph depicts the number of patents held by Panasonic and its principal subsidiaries (excluding SANYO, PEW and PanaHome) as of March 31 for each fiscal year.

Approach to Design

Panasonic is globally committed to user-centric design development. From design centers in Japan, London, New York, Shanghai and Kuala Lumpur, our designers develop cutting-edge innovations and high-volume segment products that are in touch with local lifestyles and values. In order to realize total satisfaction for our customers, we investigate local lifestyles in depth and embrace universal design principles. Panasonic's designs have won widespread recognition from customers around the world for their aesthetics, usability, and environmental consideration. We will continue to globally promote the creation of value through design.

Strengthening Global Design Development at Overseas Bases

In the development of home appliances for the European market, we listened to the views and opinions of local customers as well as used the Japanese concept of beauty expressed by circles (*En*) and straight lines (*Sen*). The refrigerators and washing machines designed according to these principles have garnered strong support in Europe.



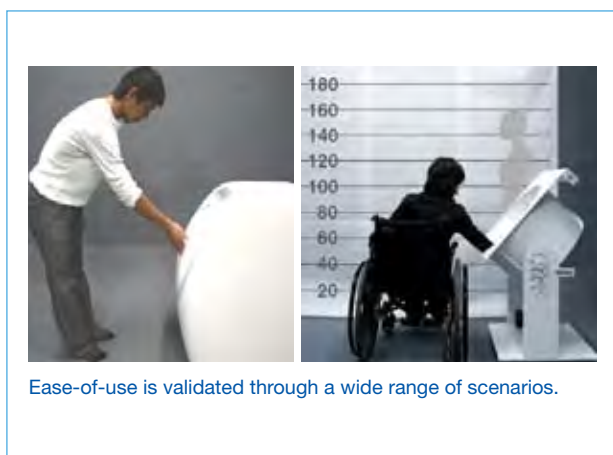
Developing Designs That Instantly Say "Made by Panasonic"

Our full HD 3D product lineup led by VIERA is highly acclaimed for designs that embody the essence of Panasonic. They are cutting edge in terms of both technology and style.



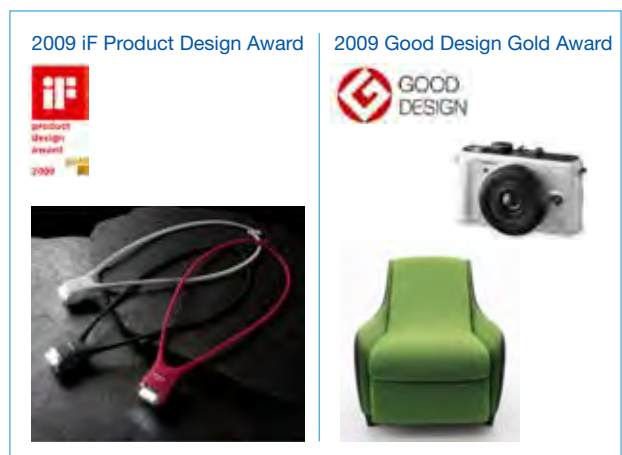
Dedication to Eco and Universal Design

We create new levels of usability and comfort through pursuit of universal design (ease-of-use for every user) as well as the creation of eco-designs (energy/resource saving).



Award-winning Design in Japan and Overseas

Panasonic has received iF Product Design Awards, a prestigious European design award, for 28 consecutive years since 1983. We have also received the most number of Good Design Awards in Japan for 34 straight years since 1976. In fiscal 2010, we received 78 awards, including 2 Good Design Gold Awards and 2 Good Design Long Life Design Awards.



Corporate Governance

Basic Concept of Corporate Governance

Panasonic's corporate governance system is based on the Board of Directors, which is responsible for deciding important operational matters for the whole Group and monitoring the execution of business by Directors, and the Board of Corporate Auditors, which is independent from the Board of Directors. The Corporate Auditors and the Board of Corporate Auditors are responsible for auditing the performance of duties by Directors. Panasonic has established the following management system based on the implementation of autonomous management in each business domain and the Company's corporate governance system.

Corporate Governance Structure

The Board of Directors and Executive Officer System

The Company's Board of Directors is composed of nineteen (19) directors, two (2) of whom are Outside Directors, as of June 25, 2010. In accordance with the Company Law and relevant laws and ordinances (collectively, the "Company Law"), the Board of Directors has ultimate responsibility for administration of the Company's affairs and monitoring of the execution of business by Directors.

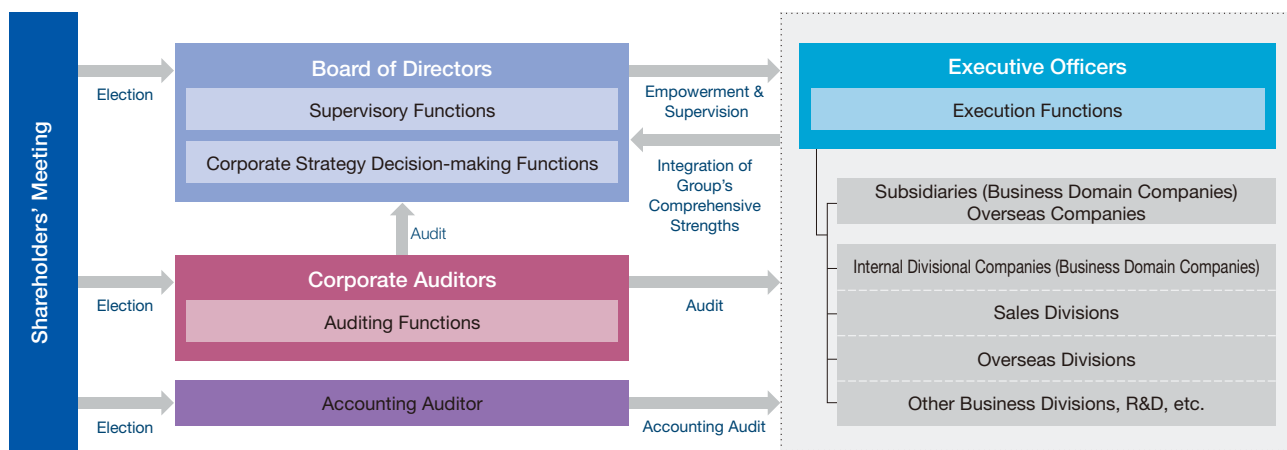
Under its basic philosophy "A company is a public entity of society," the Company has long been committed to enhancing corporate governance, and was one of the first Japanese companies to invite Outside Directors to serve on its Board of Directors. The Company's two (2) Outside Directors are independent and do not have any conflict of interests based on relationships between the Company and the Outside Directors or other entities or organizations to which the Outside Directors belong and therefore may enhance and strengthen the effectiveness of the monitoring performed by the Board of Directors of the execution of business by Directors from an objective and neutral standpoint. The Company has an optimum management and governance structure tailored to the Group's business domain-based organizational structure. Under this structure, the Company has empowered each of its business domain companies through delegation of authority. At the same time, the Company employs an Executive Officer System to provide for the execution of business at its various domestic and overseas Group companies. This system facilitates the development of optimum corporate strategies that integrate the Group's comprehensive strengths. The Company has twenty eight (28) Executive Officers (excluding those who concurrently serve as Directors), which include presidents of business domain companies, senior officers responsible for certain foreign regions and officers responsible for corporate functions of the headquarters.

In addition, the Company realigned the role and structure of the Board of Directors to ensure swift and strategic decision-making, as well as the optimum monitoring of Groupwide matters. Specifically, the Board of Directors concentrates on corporate strategies and the supervision of business domain companies, while Executive Officers handle responsibilities

relating to day-to-day operations. Taking into consideration the diversified scope of its business operations, the Company has opted to maintain a system where Executive Officers, who are most familiar with the specifics of their respective operations, take an active part in the Board of Directors. Furthermore, the Company established and operates the Group Management Committee with the aim of ensuring full discussions in the Board of Directors' meetings and proper decision-making. Moreover, to clarify the responsibilities of Directors and create a more dynamic organization, the Company has limited the term of each Director to one year.

Corporate Auditors and the Board of Corporate Auditors

Pursuant to the Company Law, the Company has appointed Corporate Auditors and established a Board of Corporate Auditors, made up of Corporate Auditors. The Corporate Auditors and Board of Corporate Auditors monitor the status of corporate governance and keep abreast of the day-to-day activities of management, including the Board of Directors. As of June 25, 2010, the Company had five (5) Corporate Auditors, including three (3) Outside Corporate Auditors. All three (3) Outside Corporate Auditors are independent and do not have any conflict of interests based on relationships between the Company and the Outside Corporate Auditors or other entities or organizations to which the Outside Corporate Auditors belong and therefore may enhance and strengthen the effectiveness of audits performed by Corporate Auditors of the execution of business by Directors from an objective and neutral standpoint. Additionally, the Company elected Corporate Auditors who have substantial finance and accounting knowledge. Corporate Auditors participate in the general meetings of shareholders and Board of Directors' meetings, and have legal authority to receive reports from Directors, Executive Officers, employees and accounting auditors. Full-time Senior Corporate Auditors also attend important meetings and conduct checks in order to ensure effective monitoring. To augment internal auditing functions in the Group, the Company has assigned ten (10) non-statutory full-time senior auditors at internal division companies to assist in audits by Corporate Auditors. The Company also inaugurated regular Panasonic

Corporate Governance Structure <Functions of the Board of Directors, Executive Officers and Corporate Auditors>

Note: Certain Directors concurrently serve as Executive Officers.

Group Auditor Meetings (comprising a total of eighteen (18) full-time senior auditors and non-statutory full-time senior auditors from the Company's main subsidiaries) chaired by the Chairman of the Board of Corporate Auditors of the Company to enhance collaboration among the Company's Corporate Auditors, non-statutory full-time senior auditors of internal division companies and corporate auditors of the Group companies. In addition, as part of their audit duties, Corporate Auditors maintain close contacts with the Internal Audit Group, which performs business audits and internal control audits, to ensure the efficiency of audits.

In addition, Corporate Auditors regularly receive from the Internal Audit Group or other sections a report regarding the status involving the internal control system, the result of audits, etc. Corporate Auditors may request an investigation if necessary.

Moreover, in order to enhance the effectiveness of the audits conducted by Corporate Auditors and ensure the smooth implementation of audits, the Company has established a Corporate Auditor's Office with a full-time staff of five (5) under the direct control of the Board of Corporate Auditors.

In addition, pursuant to recent amendments to the regulations of the Japanese stock exchanges, Panasonic is required to have one or more "independent director(s)/corporate auditor(s)" whose terms are defined under the relevant regulations of the Japanese stock exchanges as "outside directors" or "outside corporate auditors" (each of whose terms is defined under the Company Law) who are unlikely to have any conflict of interests with shareholders of Panasonic. The definition of the "independent director/corporate auditor" is different from that of the independent directors under the NYSE Listed Company Manual or under Rule 10A-3 under the U.S. Securities

Exchange Act of 1934. Each of the outside directors and outside corporate auditors of Panasonic satisfies the requirements for the "independent director/corporate auditor" under the regulations of the Japanese stock exchanges, respectively.

Remuneration Policy

The maximum total amounts of remuneration for Directors and Corporate Auditors of Panasonic are determined by a resolution at a general meeting of shareholders. The remuneration amount for each Director is determined by Panasonic's Representative Directors who are delegated to make such determination by the Board of Directors, and the amount of remuneration for each Corporate Auditor is determined upon discussions amongst the Corporate Auditors.

The amounts of the remuneration of Directors will be linked to individual performance based on Capital Cost Management (CCM)*, sales and CO₂ emissions (an environmental management indicator). By implementing this new performance evaluation criteria based on shareholder interests, Panasonic intends to promote continuous growth and enhance profitability on a long-term basis for the Panasonic Group as a whole.

In order to realize a remuneration system with a high level of transparency and acceptability, Panasonic terminated its retirement benefits for Directors and Corporate Auditors in June 2006.

* CCM is an indicator created by Panasonic to evaluate return on capital.

Internal Control Systems

Compliance

The Company has published the Panasonic Code of Conduct in 22 languages as a unified global standard that spells out in concrete terms how its management philosophy should be implemented. The code applies to all the Panasonic Group's Directors, Executive Officers, and employees. On October 1, 2008, the current name of the code was adopted with the renaming of the Company and unification of its brands; the previous name was the Matsushita Group Code of Conduct. At the same time, the new code more clearly expresses the "Panasonic Brand Identity" and the Company's basic approach to responding to social demands regarding corporate social responsibilities (CSR). Panasonic has also formulated and applies a Code of Ethics for Directors and Executive Officers stating the fundamental matters the Company's top management must observe in terms of ethics.

In addition, the Company has created a Corporate Compliance Committee, which is chaired by the President and made up of relevant Directors, Executive Officers and Corporate Auditors. This committee discusses important compliance issues and responses, and communicates compliance policy to the entire company. Furthermore, the Company has appointed Directors and Executive Officers in charge of ensuring compliance with the code, as well as legal affairs, fair trade and export control managers at business domain companies, overseas regional headquarters and other entities. Through close-knit cooperation, the Company works with these individuals to ensure compliance in every

area of frontline operations.

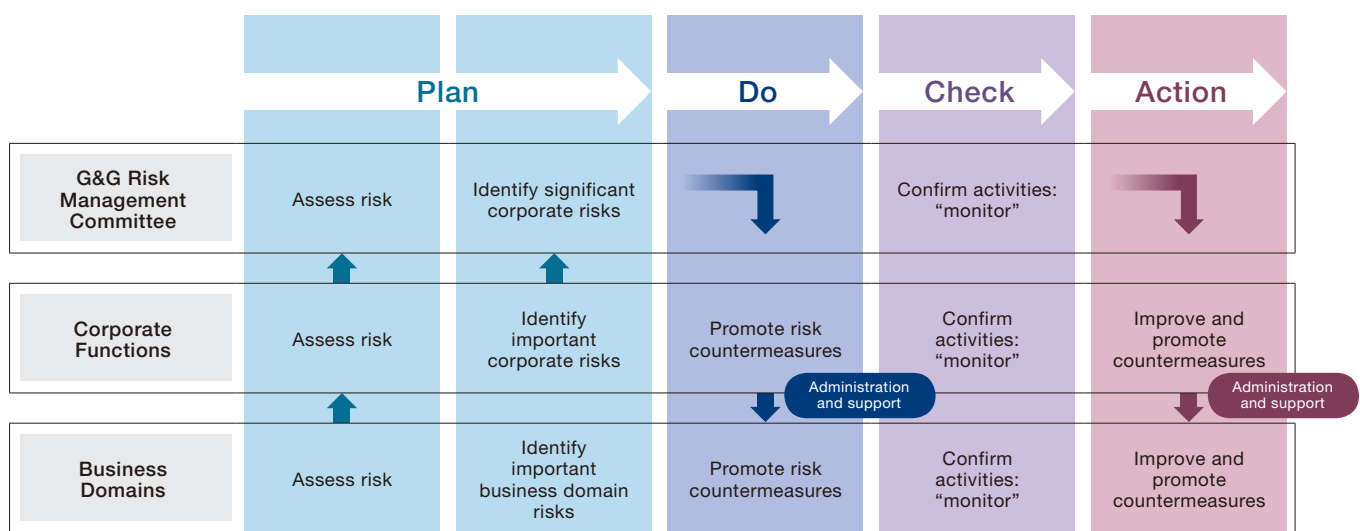
During "Compliance Awareness Month" every fall, messages are sent from the President and other management regarding compliance, tests are conducted to assess understanding of compliance, worksite discussions are held and other activities are conducted in regions around the world. Panasonic also focuses on enforcing policy, creating frameworks to ensure compliance, education and training and monitoring activities with respect to fair trade based on observance of antitrust laws and trading compliance based on export administration laws, which the Company sees as particularly important issues.

In order to assess the degree to which a compliance mindset has permeated the Company and identify issues in workplaces, Panasonic conducts compliance awareness surveys of employees regularly and uses the results to formulate initiatives and find solutions to issues. Furthermore, the Company has established several hotlines in each field to enable employees in Japan and overseas to seek advice or blow the whistle on inappropriate acts they find in the course of business operations. Panasonic is also working to ensure financial soundness by establishing a Hotline for Auditors, a system whereby Corporate Auditors directly receive concerns from employees and other individuals with regard to accounting or auditing irregularities.

Risk Management

Panasonic manages Companywide risk based on the management philosophies of founder Konosuke Matsushita: "worry

Basic Risk Management Framework



earlier and enjoy later,” “causes of failures lie within oneself,” and “be alert for signs of change and act accordingly.” In specific terms, in accordance with shared global evaluation standards, risk information is collected widely and analyzed centrally. At the same time, Panasonic maintains a management cycle that links risk management activities with business plans for responding to important risks and with other business management initiatives. To this end, Panasonic has specified Basic Risk Management Regulations, which stipulate the basic objectives of risk management and action guidelines when promoting risk management. In terms of a risk management framework, Panasonic has the Global and Group (G&G) Risk Management Committee, which is chaired by the President and made up of Directors and Executive Officers from various departments of the Corporate Head office. Panasonic has also established similar functional committees at business domain companies and subsidiaries to formulate appropriate countermeasures to risk on a global and Group basis. Specifically, all business domain companies and subsidiaries of the Panasonic Group assess risks once a year, coinciding with the annual business plan. Using the results of these surveys, the G&G Risk Management Committee then evaluates the importance of risk information to the Group and defines high-priority risks as Companywide Important Risks. Business domain companies and corporate sections then give priority to quickly and accurately dealing with these risks, while the G&G Risk Management Committee monitors progress implementing these countermeasures. Furthermore, in order to respond to the diversification of risks such as natural disasters, wars, terrorist acts and an increase in infectious diseases and their increasing impact as well as public demands, the Company has formulated Companywide Emergency Measure Regulations to clarify the systems and functions that will deal with Companywide emergencies and ensure a seamless and timely response. Moreover, the Company has established and is rigorously enforcing guidelines for responding to risks when they materialize, in light of repeated instances of corporate misconduct in recent times. In addition, as a countermeasure against the risk of damage resulting from a large-scale natural disaster, Panasonic is working on Business Continuity Planning (BCP), which pinpoints vulnerabilities based on simulations of damage from an earthquake and analysis of the business impact and will ensure operations are restored within a targeted timeframe. BCP also addresses what is thought to be a comparatively high risk of business being interrupted by a worldwide pandemic of a new influenza strain. Panasonic will make comprehensive efforts in risk management to recognize business risks through the above-mentioned process and take countermeasures that protect the interests of all stakeholders, while helping the Company achieve its business goals.

Information Security

Panasonic is developing information security initiatives on a global basis to safeguard important management and business information as well as important customer information. Specifically, the Company has specified three themes: protect confidential information that is handled in each business process, including development, production and sales activities; safeguard personal information obtained through consumer surveys, customer service consultations and other means; and provide information security protections for products to ensure product safety and reliability. Panasonic has the following three aims:

1. Ensure a high degree of trust in the Company by achieving the same level of information security by all employees worldwide, and by managing customer and business partner information in an appropriate manner.
2. Boost management efficiency and enhance corporate value by ensuring trade secrets, personal information, technical data and other information held by the Company are used and shared safely.
3. Conduct regular training programs for all Panasonic employees to raise awareness of information security and foster a culture of information management.

Internal Control Over Financial Reporting

Panasonic has documented its internal control system, with coordination provided by the Corporate Internal Auditing Group, in order to ensure reliability in financial reporting of the Panasonic Group including its subsidiaries, ranging from the control infrastructure to actual internal control activities. Specifically, the Company has reinforced its internal controls by implementing self-checks and self-assessment programs, in addition to regular internal auditing at each business domain company. Panasonic has also appointed an Internal Auditing Manager at each business domain company who audits the compliance status and effectiveness of internal controls. The Corporate Internal Auditing Group supervises these activities in order to ensure the reliability of each company's financial reporting. With the aim of further enhancing the Group's internal control system, in fiscal 2010 Panasonic had approximately 400 personnel assigned to conduct internal audits, including approximately 20 people in the Corporate Internal Auditing Group.

Information Disclosure Structure and Execution of Accountability

To enhance transparency and ensure accountability, the Company established the Disclosure Committee, consisting of general or executive managers from departments that handle relevant information. The Committee checks the propriety of statements and descriptions in the Company's annual

securities reports and quarterly earnings reports submitted to the Japanese regulatory authorities and its filings with the U.S. Securities and Exchange Commission, including its annual reports on Form 20-F, while confirming the appropriateness and effectiveness of its disclosure controls and procedures.

Policy on Control of Panasonic Corporation

Basic Policy

Since its establishment, Panasonic has operated its businesses under its basic management philosophy, which sets forth that the mission of a business enterprise is to contribute to the progress and development of society and the wellbeing of people through its business activities, thereby enhancing the quality of life throughout the world. Aiming to grow further to become a global excellent company, Panasonic will work to deliver sustained growth in corporate value to satisfy its shareholders, investors, customers, business partners, employees and all other stakeholders.

Panasonic has a basic policy that shareholders should make final decisions in the event of a Large-scale Purchase of the Company's shares, regarding whether or not the Large-scale Purchase should be accepted. However, there is the possibility that such Large-scale Purchaser may not provide shareholders with sufficient information for making appropriate decisions. There is also concern that any Large-scale Purchase may damage corporate value and shareholder interest. In this event, the Company may take countermeasures in order to protect the interests of all shareholders.

Measures to Realize Basic Policy

1) Specific measures to realize basic policy

Panasonic conducted a midterm management plan called GP3 from fiscal 2008 to fiscal 2010. Based on the plan's fundamental concept of delivering steady growth with profitability, the Company sought to achieve double-digit growth in overseas sales, expand strategic businesses, innovate in manufacturing and implement a range of other measures to strengthen its management structure with targets of ¥10 trillion in sales, and ROE of 10%. While Panasonic achieved a certain degree of success in strengthening its management structure, including reducing fixed costs and raising the marginal profit ratio, the worldwide recession triggered by the financial crisis had a sizable impact, preventing the Company from achieving the goals of its plan as a whole. With regard to the goal of accelerating environmental sustainability management, the Company has produced steady results, achieving greater-than-targeted reductions in CO₂ emissions at all manufacturing sites around the world. Furthermore, in order to maximize its corporate value, Panasonic has actively invested in growth fields, including consolidating SANYO.

In fiscal 2011, Panasonic will be guided by a new midterm management plan called "Green Transformation 2012" (GT12). The Panasonic Group has announced a vision of becoming the 'No. 1 Green Innovation Company in the Electronics Industry' leading up to 2018, the 100th anniversary of its foundation. It will take the lead in helping solve global environmental problems that are the world's shared responsibility. Under GT12, the Panasonic Group will make group-wide efforts in 'Paradigm shift for growth' and 'Laying a foundation to be a Green Innovation Company,' while integrating its contribution to the environment and business growth. Reflecting on its performance under GP3, Panasonic will endeavor to break away from a business structure skewed toward existing fields and focused on Japan and individual products. Over the three years under GT12, Panasonic aims to become a company filled with significant growth potential.

2) Measures based on the basic policy to prevent control by inappropriate parties

On April 28, 2005, the Board of Directors resolved to adopt a policy related to a Large-scale Purchase of the Company's shares called the Enhancement of Shareholder Value (ESV) Plan. The ESV Plan has been approved at every Board of Directors meeting held in April since then. On May 7, 2010, the Board of Directors resolved to continue the ESV Plan.

With respect to a Large-scale Purchaser who intends to acquire 20% or more of all voting rights of the Company, this policy requires that (i) a Large-scale Purchaser provide sufficient information, such as its outline, purposes or conditions, the basis for determination of the purchase price and funds for purchase, and management policies and business plans which the Large-scale Purchaser intends to adopt after the completion of the Large-scale Purchase, to the Board of Directors before a Large-scale Purchase is to be conducted and (ii) after all required information is provided, the Board of Directors should be allowed a sufficient period of time (a sixty-day period or a ninety-day period) for consideration. The Board of Directors intends to assess and examine any proposed Large-scale Purchase after the information on such purchase is provided, and subsequently to disclose the opinion of the Board of Directors and any other information needed to assist shareholders in making their decisions. The Board of Directors may negotiate with the Large-scale Purchaser regarding purchase conditions or suggest alternative plans to shareholders, if it is deemed necessary.

If a Large-scale Purchaser does not comply with the rules laid out in the ESV Plan, the Company's Board of Directors may take countermeasures against the Large-scale Purchaser to protect the interests of all shareholders. Countermeasures include the implementation of stock splits,

issuance of stock acquisition rights (including allotment of share options without contribution) or any other measures that the Board of Directors is permitted to take under the Company Law in Japan, other laws and the Company's Articles of Incorporation. If a Large-scale Purchaser complies with the Large-scale Purchase rules, the Board of Directors does not intend to prevent the Large-scale Purchase at its own discretion, unless it is clear that such Large-scale Purchase will cause irreparable damage or loss to the Company.

The Board of Directors will make decisions relating to countermeasures by referring to advice from outside professionals, such as lawyers and financial advisers, and fully respect the opinions of outside directors and statutory corporate auditors.

When invoking the aforementioned countermeasures, if the Company's Board of Directors decides that it is appropriate to confirm the will of shareholders from the perspective of the interest of all shareholders, a general meeting of shareholders will be held. If the Company's Board of Directors decides to hold a general meeting of shareholders, it will give notice to that effect as well as the reasons for such a meeting at that time.

The Board of Directors will adopt specific countermeasures which it deems appropriate at that time. If the Board of Directors elects to make a stock split for shareholders as of a certain record date, the maximum ratio of the stock split shall be five-for-one. If the Board of Directors elects to issue stock acquisition rights to shareholders, the Company will issue one stock acquisition right for every share held by shareholders on a specified record date. One share shall be issued on the exercise of each stock acquisition right. If the Board of Directors elects to issue stock acquisition rights as a countermeasure, it may determine the exercise period and exercise conditions of the stock acquisition rights in consideration of the effectiveness thereof as a countermeasure, such as the condition that shareholders do not belong to a specific group of shareholders including a Large-scale Purchaser, as well as the conditions that allow the Company to acquire share options by swapping Company stock with a party other than the Large-scale Purchaser.

The Company recognizes that the aforementioned countermeasures may cause damage or loss, economic or otherwise, to a prospective Large-scale Purchaser who does not comply with the Large-scale Purchase Rules. The Company does not anticipate that taking such countermeasures will cause shareholders, other than the Large-scale Purchaser, economic damage or loss of any rights. However, in the event that the Board of Directors determines to take a specific countermeasure, the Board of Directors will disclose such countermeasure in a timely and appropriate manner, pursuant to relevant laws

and stock exchange regulations.

The terms of office for all Directors are for one year, and they are elected at an annual general meeting of shareholders in June of each year. All of the two Outside Directors and three Outside Corporate Auditors are notified to the Japanese stock exchanges as "independent directors/corporate auditors" pursuant to the regulations of the Japanese stock exchanges and are unlikely to have any conflict of interests with our shareholders. Panasonic's Board of Directors intends to review the Large-scale Purchase Rules, as necessary, for reasons including amendments to applicable legislation. Any such review would be conducted strictly in the interests of all shareholders.

For further details about the ESV Plan, please see the press release issued on May 7, 2010 at the Company's Web site:

<http://panasonic.co.jp/corp/news/official.data/data.dir/en100507-8/en100507-8-1.pdf>

Evaluation of Measures by the Board of Directors and Rationale for Evaluation

Panasonic's midterm management plan was formulated as a specific measure to increase the Company's corporate value in a sustained manner. The ESV Plan was formulated from the perspective of protecting shareholder value, and is aimed at ensuring shareholders receive sufficient information to make decisions on share purchase proposals by allowing those responsible for the management of the Company, the Board of Directors, to provide their evaluation of any proposed Large-scale Purchase, and providing the opportunity for alternative proposals to be submitted.

Consequently, these measures, in accordance with the Basic Policy, are intended to protect the interests of all the Company's shareholders.

Significant Differences in Corporate Governance Practices Between Panasonic and U.S. Companies Listed on the NYSE

Companies listed on the NYSE must comply with certain standards regarding corporate governance under Section 303A of the NYSE Listed Company Manual. However, listed companies that are foreign private issuers, such as Panasonic, are permitted to follow home country practice in lieu of certain provisions of Section 303A.

The following table shows the significant differences between the corporate governance practices followed by U.S. listed companies under Section 303A of the NYSE Listed Company Manual and those followed by Panasonic.

Corporate Governance Practices Followed by NYSE-listed U.S. companies	Corporate Governance Practices Followed by Panasonic
A NYSE-listed U.S. company must have a majority of directors meeting the independence requirements under Section 303A of the NYSE Listed Company Manual.	<p>The Company Law does not require independent directors on the board of directors. The Company Law has provisions for an “outside director,” whose definition is similar to, but not the same as, an independent director under the NYSE Listed Company Manual. An “outside director” is defined as a director of the company who does not engage or has not engaged in the execution of business of the company or its subsidiaries as a director of any of these corporations, and who does not serve or has not served as an executive officer, manager or in any other capacity as an employee of the company or its subsidiaries. A Japanese joint stock corporation with corporate auditors, such as Panasonic, is not obliged under the Company Law to have any outside directors on its board of directors.</p> <p>However, Panasonic had two (2) Outside Directors as of June 25, 2010. In addition, pursuant to recent amendments to the regulations of the Japanese stock exchanges, Panasonic is required to have one or more “independent director(s)/corporate auditor(s)” whose terms are defined under the relevant regulations of the Japanese stock exchanges as “outside directors” or “outside corporate auditors” (each of whose terms is defined under the Company Law) who are unlikely to have any conflict of interests with shareholders of Panasonic. The definition of the “independent director/corporate auditor” is different from that of the independent directors under the NYSE Listed Company Manual or under Rule 10A-3 under the U.S. Securities Exchange Act of 1934. Each of the outside directors and outside corporate auditors of Panasonic satisfies the requirements for the “independent director/corporate auditor” under the regulations of the Japanese stock exchanges, respectively. The tasks of supervising the administration of the Company’s affairs are assigned not only to the Board of Directors but also to Corporate Auditors, as more fully described below.</p>
A NYSE-listed U.S. company must have an audit committee with responsibilities described under Section 303A of the NYSE Listed Company Manual, including those imposed by Rule 10A-3 under the U.S. Securities Exchange Act of 1934. The audit committee must be composed entirely of independent directors, and the audit committee must have at least three (3) members and satisfy the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934.	<p>A Japanese joint stock corporation is not required to have any audit, nominating and compensation committees, except for a “joint stock corporation with specified committees,” which is a corporate governance system that may be adopted by Japanese joint stock corporations meeting certain criteria.</p> <p>Most Japanese joint stock corporations, including Panasonic, employ a corporate governance system based on corporate auditors. With this system, the tasks of supervising the administration of the company’s affairs conducted by directors are assigned not only to the board of directors but also to corporate auditors who are appointed at a general meeting of shareholders, and who are separate and independent from the board of directors. All corporate auditors must meet certain independence requirements under the Company Law. Under the Company Law, Panasonic is required to appoint at least three (3) Corporate Auditors, and at least half of Panasonic’s Corporate Auditors are required to be “Outside Corporate Auditors” who must meet additional independence requirements. An “outside corporate auditor” is defined as a corporate auditor of the Company who has never been a director, accounting counselor, executive officer, manager or in any other capacity as an employee of the company or any of its subsidiaries prior to the appointment. Under the Company Law, Panasonic is required to establish a Board of Corporate Auditors, comprising all the Company’s Corporate Auditors.</p> <p>As of June 25, 2010, Panasonic had five (5) Corporate Auditors, of which three (3) were Outside Corporate Auditors. Each Corporate Auditor of Panasonic has a four-year term. In contrast, the term of each Director of Panasonic is one year. Corporate Auditors are obliged to attend the meetings of the Board of Directors and express their opinion at the meetings if necessary. The Board of Corporate Auditors and Corporate Auditors have a statutory duty to supervise the administration of</p>

**Corporate Governance Practices
Followed by NYSE-listed U.S. companies**

Corporate Governance Practices Followed by Panasonic

the Company's affairs by Directors. The Board of Corporate Auditors has a statutory duty to, based on the reports prepared by respective Corporate Auditors, prepare and submit its audit report to Accounting Auditors and the Directors who prepared the financial statements and the business report. A copy of the audit report is included in the appendix to the convocation notice of the ordinary general meeting of shareholders.

A Corporate Auditor also has a statutory duty to examine the financial statements of Panasonic, and receives auditors' reports from an accounting auditor (a certified public accountant or an accounting firm). The Board of Corporate Auditors has the power to request that Panasonic's Directors submit a proposal for dismissal of an accounting auditor to a general meeting of shareholders. The Board of Corporate Auditors also has the power to directly dismiss an accounting auditor under certain conditions. Panasonic's Directors must obtain the consent of its Board of Corporate Auditors in order to submit a proposal for election, dismissal and/or non-reelection of an accounting auditor to a general meeting of shareholders.

With respect to the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934 relating to listed company audit committees, Panasonic relies on an exemption under that rule which is available to foreign private issuers with a board of corporate auditors meeting certain requirements.

In addition, each of the outside corporate auditors of Panasonic satisfies the requirements for the "independent director/corporate auditor" under the regulations of the Japanese stock exchanges as described above.

A NYSE-listed U.S. company must have a nominating/corporate governance committee with responsibilities described under Section 303A of the NYSE Listed Company Manual. The nominating/corporate governance committee must be composed entirely of independent directors.

Under the Company Law, Panasonic's Directors must be elected and/or dismissed at a general meeting of shareholders. The Board of Directors nominates Director candidates and submits a proposal for election of directors to a general meeting of shareholders. The Board of Directors does not have the power to fill vacancies thereon.

Panasonic's Corporate Auditors must also be elected and/or dismissed at a general meeting of shareholders. Panasonic's Directors must obtain the consent of the Board of Corporate Auditors in order to submit a proposal for election of a Corporate Auditor to a general meeting of shareholders. Each of the Corporate Auditors has the right to state his/her opinion concerning the election, dismissal and/or resignation of any Corporate Auditor, including himself/herself, at a general meeting of shareholders. The Board of Corporate Auditors is also empowered to request Directors to submit a proposal for election of a specific person as a Corporate Auditor to a general meeting of shareholders.

A NYSE-listed U.S. company must have a compensation committee with responsibilities described under Section 303A of the NYSE Listed Company Manual. The compensation committee must be composed entirely of independent directors.

Under the Company Law, the maximum amounts of remunerations, including equity compensation such as stock options, bonuses, and other financial benefits given in consideration of performance of duties (collectively, the "remunerations") of directors and corporate auditors of Japanese joint stock corporations, except for a "joint stock corporation with specified committees," must be approved at a general meeting of shareholders. Companies must also obtain the approval at a general meeting of shareholders to change such maximum amounts. Therefore, the remunerations of the directors and corporate auditors are subject to the approval of shareholders.

The maximum total amounts of remunerations for Directors and Corporate Auditors of Panasonic is therefore determined by a resolution at a general meeting of shareholders, and thus remunerations of the Directors and Corporate Auditors of Panasonic are under the oversight of shareholders. The remuneration amount for each Director is determined by Panasonic's Representative Directors who are delegated to make such determination by the Board of Directors, and the amount of remuneration for each Corporate Auditor is determined upon discussions amongst the Corporate Auditors.

A NYSE-listed U.S. company must generally obtain shareholder approval with respect to any equity compensation plan.

Pursuant to the Company Law, if a Japanese joint stock corporation, such as Panasonic, desires to adopt an equity compensation plan under which stock acquisition rights are granted on specially favorable conditions (except where such rights are granted to all shareholders on a pro rata basis), such plan must be approved by a "special resolution" of a general meeting of shareholders that satisfies the prescribed quorum. (In the case of Panasonic, such quorum is one-third of the total number of voting rights and the approval of at least two-thirds of the voting rights represented at the meeting is required as provided by Panasonic's Articles of Incorporation pursuant to the Company Law.)

Directors, Corporate Auditors and Executive Officers

(As of June 25, 2010)

Directors

Chairman of the Board

Kunio Nakamura

Vice Chairman of the Board

Masayuki Matsushita

President

Fumio Ohtsubo

Executive Vice Presidents

Toshihiro Sakamoto

*In charge of Domestic Consumer Marketing,
Domestic Customer Satisfaction and Design*

Takahiro Mori

*In charge of Planning, Corporate Division for
Promoting Systems & Equipment Business and
Electrical Supplies Sales, Project Sales and
Building Products Sales*

Yasuo Katsura

*Representative in Tokyo/Director,
Corporate Division for Government & Public Affairs*

Senior Managing Directors

Hitoshi Otsuki

In charge of Overseas Operations

Ken Morita

President, AVC Networks Company

Ikusaburo Kashima

*In charge of Legal Affairs, Intellectual Property and
Corporate Business Ethics*

Junji Nomura

*In charge of Technology and Corporate Division for
Promoting Energy Solutions Business*

Managing Directors

Yoshihiko Yamada

In charge of Industrial Sales

Kazunori Takami

*President, Home Appliances Company/
In charge of Lighting Company*

Makoto Uenoyama

In charge of Accounting, Finance and Information Systems

Masatoshi Harada

In charge of Personnel, General Affairs and Social Relations

Directors

Ikuo Uno

Masayuki Oku

Masashi Makino

*In charge of Manufacturing Innovation, Facility Management,
Quality Administration, FF Customer Support
& Management and Environmental Affairs*

Takashi Toyama

President, System Networks Company

Honorary Chairman of the Board and Executive Advisor, Member of the Board

Masaharu Matsushita

Corporate Auditors

Senior Corporate Auditors

Kenichi Hamada

Chairman, Panasonic Group Auditors Meeting

Masahiro Seyama

Corporate Auditors

Yasuo Yoshino

Ikuo Hata

Hiroyuki Takahashi

Executive Officers

Managing Executive Officers

Kazuhiro Tsuga

President, Automotive Systems Company

Takumi Kajisha

In charge of Corporate Communications

Ikuo Miyamoto

*Director, Corporate Management Division for
Asia and Oceania/Managing Director,
Panasonic Asia Pacific Pte. Ltd.*

Yoshiiku Miyata

*Senior Vice President,
AVC Networks Company/Director, Visual
Products and Display Devices Business Group*

Yutaka Takehana

*Representative in Kansai/In charge of
Corporate Risk Management and
Corporate Information Security*

Toshiaki Kobayashi

*President, Panasonic Electronic Devices
Co., Ltd.*

Executive Officers

Masaaki Fujita

*In charge of Global Procurement and
Global Logistics*

Yoshihisa Fukushima

In charge of Intellectual Property

Naoto Noguchi

President, Energy Company

Osamu Waki

*President, Panasonic Mobile Communications
Co., Ltd.*

Joseph Taylor

*Chairman & CEO,
Panasonic Corporation of North America*

Jun Ishii

*President, Panasonic Consumer Marketing
Co., Ltd.*

Toshiro Kisaka

*Director, Corporate Management Division for
China and Northeast Asia/Chairman,
Panasonic Corporation of China*

Masato Tomita

*Director, Corporate Management Division for
CIS, the Middle East & Africa*

Hideaki Kawai

*General Manager, Corporate Finance
& IR Group/In charge of Global Finance
Administration Center*

Takeshi Uenoyama

In charge of Device Technology

Shiro Nishiguchi

*Director, Corporate Marketing Division for
Digital AVC Products, Consumer Products
Marketing*

Yoshiyuki Miyabe

*In charge of Digital Network & Software
Technology*

Laurent Abadie

*Director, Corporate Management Division for
Europe/Chairman & CEO, Panasonic Europe
Ltd.*

Yorihisa Shiokawa

*COO, Panasonic Europe Ltd./Managing
Director, Panasonic Marketing Europe GmbH*

Yoshio Ito

President, Lighting Company

Hidetoshi Osawa

Director, Corporate Communications Division

Yoshiaki Nakagawa

General Manager, Corporate Planning Group

Mamoru Yoshida

*Senior Vice President, AVC Networks
Company/Director, Network Business Group*

Tsuyoshi Nomura

*Director, Corporate Manufacturing Innovation
Division*

Nobuharu Akamine

*Senior Vice President, System Networks
Company and Executive Senior Vice President,
Panasonic System Networks Co., Ltd.*

Kuniaki Okahara

*Director, Corporate Engineering Quality
Administration Division*

Yukio Nakashima

*Director, Home Appliances and Wellness
Products Marketing Division, Consumer
Products Marketing*

Risk Factors

Once a year, Panasonic implements a Groupwide risk assessment survey to identify potential risks in an integrated and comprehensive manner. By identifying, evaluating and prioritizing these risks, Panasonic specifies risks at the Corporate Headquarters, business domain companies and Group affiliates, takes countermeasures that correspond to the materiality of each risk, and seeks continuous improvements through the monitoring of the progress of such countermeasures. Primarily because of the business areas and geographical areas where it operates, and the highly competitive nature of the industry to which it belongs, Panasonic is exposed to a variety of risks and uncertainties in conducting its businesses, including, but not limited to, the following. These risks may adversely affect Panasonic's business, operating results and financial condition. This section includes forward-looking statements and future expectations as of the date of this annual report.

Risks Related to Economic Conditions

Continued or further weakness in Japanese and global economies may cause reduced demand for Panasonic's products

Demand for Panasonic's products and services may be affected by general economic trends in the countries or regions in which Panasonic's products and services are sold. Economic downturns and resulting declines in demand in Panasonic's major markets worldwide may thus adversely affect the Company's business, operating results and financial condition. Triggered by the financial crisis in fiscal 2009, Panasonic's business environment rapidly deteriorated due to declines in global consumption and business activities and due to intensified price competition. Regarding the business environment for fiscal 2011, ending March 31, 2011, the Company currently anticipates market conditions to remain unpredictable due to various factors including the yen's appreciation and ever-intensified global competition, despite a gradually recovering global economy. Panasonic may incur increased costs for additional business restructuring in order to cope with the business environment. If global market conditions worsen beyond expectations, the business environment of Panasonic may deteriorate more than currently anticipated, which may adversely affect the Company's business, operating results and financial condition.

Currency exchange rate fluctuations may adversely affect Panasonic's operating results

Foreign exchange rate fluctuations may adversely affect Panasonic's business, operating results and financial condition, because its international business transactions and costs and prices of its products and services in overseas countries are affected by foreign exchange rate changes. In addition, foreign exchange rate changes can also affect the yen value of Panasonic's investments in overseas assets and liabilities because Panasonic's consolidated financial statements are presented in Japanese yen. Generally, an appreciation of the yen against other major currencies such as the U.S. dollar and the euro may adversely affect Panasonic's operating results. Meanwhile, a depreciation of the yen against the aforementioned major currencies may have a favorable impact on

Panasonic's operating results. The global financial crisis, which occurred in 2008, caused the rapid appreciation of the yen against other major currencies, which adversely and significantly affected Panasonic's operating results in fiscal 2009 and fiscal 2010. Any further or continued appreciation of the yen may adversely affect the Company's business, operating results and financial condition.

Interest rate fluctuations may adversely affect Panasonic's financial condition, etc.

Panasonic is exposed to interest rate fluctuation risks which may affect the Company's operational costs, interest expenses, interest income and the value of financial assets and liabilities. Accordingly, interest rate fluctuations may adversely affect the Company's business, operating results and financial condition.

Continuation or deterioration of financial market turmoil may adversely affect Panasonic's ability to raise funds or may increase the cost of fund raising

Panasonic raises funds for its business through methods such as borrowing from financial institutions and issuance of bonds and commercial papers. Where, among other events, financial market turmoil continues or deteriorates, financial institutions reduce lending to Panasonic, or rating agencies downgrade Panasonic's credit ratings, Panasonic may not be able to raise funds in the time and amount necessary for Panasonic, or under conditions which Panasonic deems appropriate, and Panasonic may incur additional costs of raising funds, which may adversely affect the Company's business, operating results and financial condition.

Decreases in the value of Japanese stocks may adversely affect Panasonic's financial results

Panasonic holds mostly Japanese stocks as part of its investment securities. The value of such stocks has dropped significantly due to the world financial crisis and the recession in Japan in fiscal 2009, causing Panasonic to record losses on the valuation of its investment securities in fiscal 2009 and fiscal 2010. Further decreases in the value of stocks may cause additional losses due to decreases in the valuation of investment securities, thereby adversely affecting Panasonic's

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operating results and financial condition. The decrease in the value of Japanese stocks may also reduce stockholders' equity on the balance sheet, as unrealized holding gains (losses) of available-for-sale securities are included as part of accumulated other comprehensive income (loss).

Risks Related to Panasonic's Business

Competition in the industry may adversely affect Panasonic's ability to maintain profitability

Panasonic develops, produces and sells a broad range of products and therefore faces many different types of competitors, from large international companies to relatively small, rapidly growing, and highly specialized organizations. Panasonic may choose not to fund or invest in one or more of its businesses to the same degree as its competitors in those businesses do, or it may not be able to do so in a timely manner or even at all. These competitors may have greater financial, technological, and marketing resources than Panasonic in the respective businesses in which they compete.

Rapid declines in product prices may adversely affect Panasonic's financial condition

Panasonic's business is subject to intense price competition worldwide, which makes it difficult for the Company to determine product prices and maintain adequate profits. Such intensified price competition may adversely affect Panasonic's profits, especially in terms of possible decreases in demand. Amid accelerating changes in the structure of markets, such as a demand shift to emerging markets and lower-priced products, and market expansion of environmental and energy-related businesses, Panasonic's product prices in digital electronics and many other business areas may continue to decline significantly.

Panasonic's business is, and will continue to be, subject to risks generally associated with international business operations

One of Panasonic's business strategies is business expansion in overseas markets. In many of these markets, Panasonic may face risks generally associated with international manufacturing and other business operations, such as political instability, including terrorist attacks and abduction, cultural and religious differences and labor relations, as well as economic uncertainty and foreign currency exchange risks. Panasonic may also face barriers in commercial and business customs in foreign countries, including difficulties in timely collection of accounts receivable or in building and expanding relationships with customers, subcontractors or parts suppliers. Panasonic may also experience various political, legal or other restrictions in investment, trade, manufacturing, labor or other aspects of operations, including restrictions on foreign investment or the repatriation of profits on invested capital, nationalization of local industry, changes in export or import

restrictions or foreign exchange controls, and changes in the tax system or the rate of taxation in countries where Panasonic operates businesses. With respect to products exported overseas, tariffs, other barriers or shipping costs may make Panasonic's products less competitive in terms of price. Expanding its overseas business may require significant investments long before Panasonic realizes returns on such investments, and increased investments may result in expenses growing at a faster rate than revenues.

Panasonic may not be able to keep pace with technological changes and develop new products or services in a timely manner to remain competitive

Panasonic may fail to introduce new products or services in response to technological changes in a timely manner. Some of Panasonic's core businesses, such as consumer digital electronics and key components and devices, are concentrated in industries where technological innovation is the central competitive factor. Panasonic continuously faces the challenge of developing and introducing viable and innovative new products. Panasonic must predict with reasonable accuracy both future demand and new technologies that will be available to meet such demand. If Panasonic fails to do so, it will not be able to compete effectively in new markets.

Panasonic may not be able to develop product formats that can prevail as de facto standards

Panasonic has been forming alliances and partnerships with other major manufacturers to strengthen technologies and the development of product formats, such as next-generation home and mobile networking products, data storage devices, and software systems. Despite these efforts, Panasonic's competitors may succeed in developing de facto standards for future products before Panasonic can. In such cases, the Company's competitive position, business, operating results and financial condition could be adversely affected.

Panasonic may not be able to successfully recruit and retain skilled employees, particularly scientific, technical and management professionals

Panasonic's future success depends largely on its ability to attract and retain certain key personnel, including scientific, technical and management professionals. Industry demand for skilled employees, however, exceeds the number of personnel available, and the competition for attracting and retaining these employees is intense. Because of this intense competition for skilled employees, Panasonic may be unable to retain its existing personnel or attract additional qualified employees to keep up with future business needs. If this should happen, Panasonic's business, operating results and financial condition could be adversely affected.

Alliances with, and strategic investments in, third parties, and mergers and acquisitions undertaken by Panasonic, may not produce positive or expected results

Panasonic develops its businesses by forming alliances or joint ventures with, and making strategic investments in, other companies, including investments in start-up companies. Furthermore, the strategic importance of partnering with third parties is increasing. In some cases, such partnerships are crucial to Panasonic's goal of introducing new products and services, but Panasonic may not be able to successfully collaborate or achieve expected synergies with its partners. Furthermore, Panasonic does not control these partners, who may make decisions regarding their business undertakings with Panasonic that may be contrary to Panasonic's interests. In addition, if these partners change their business strategies, Panasonic may fail to maintain these partnerships. Panasonic and SANYO, upon resolutions of meetings of their respective Boards of Directors held on December 19, 2008, entered into a Capital and Business Alliance Agreement to widely pursue synergies in all business aspects of both companies. Panasonic subsequently conducted a tender offer for SANYO shares (at a purchase price of ¥131 per share of common stock, ¥1,310 per share of Class A preferred stock and ¥1,310 per share of Class B preferred stock) from November 5 through December 9, 2009, pursuant to a resolution of its Board of Directors held on November 4, 2009. As a result of Panasonic's conversion of the Class B preferred stock of SANYO that it acquired through the tender offer into common stock, SANYO and its subsidiaries became Panasonic consolidated subsidiaries in December 2009. However, Panasonic may fail to achieve the expected results, despite the Company's efforts to maximize synergies from the addition of SANYO to the Panasonic Group. Furthermore, as a result of consolidating SANYO, deterioration of SANYO's operating results and financial condition may adversely affect Panasonic's operating results and financial condition.

Panasonic is dependent on the ability of third parties to deliver parts, components and services in adequate quality and quantity in a timely manner, and at a reasonable price

Panasonic's manufacturing operations depend on obtaining raw materials, parts and components, equipment and other supplies including services from reliable suppliers at adequate quality and quantity in a timely manner. It may be difficult for Panasonic to substitute one supplier for another, increase the number of suppliers or change one component for another in a timely manner or at all due to the interruption of supply caused by, among other conditions, the bankruptcy of suppliers or increased industry demand. This may adversely affect the Panasonic Group's operations. Although Panasonic decides purchase prices by contract, the prices of raw materials, including iron and steel, resin, and non-ferrous metals, and parts and components, may increase due to changes in supply and demand, and the inflow of investment funds. Some

components are only available from a limited number of suppliers, which also may adversely affect Panasonic's business, operating results and financial condition.

Panasonic is exposed to the risk that its customers may encounter financial difficulties

Many of Panasonic's customers purchase products and services from Panasonic on payment terms that do not provide for immediate payment. If customers from whom Panasonic has substantial accounts receivable encounter financial difficulties and are unable to make payments on time, Panasonic's business, operating results and financial condition could be adversely affected.

Risks Related to Panasonic's Management Plans

Panasonic is implementing a midterm management plan called "Green Transformation 2012" (GT12), announced on May 7, 2010, which runs from fiscal 2011 to fiscal 2013. Under this plan, Panasonic aims to achieve an operating profit ratio of 5% or more, ROE of 10% and CO₂ emission reductions of 50 million tons (compared to the estimated amount of emission in fiscal 2013 assuming that no remedial measures were taken since fiscal 2006). However, Panasonic may not be successful in achieving all the targets or in realizing the expected benefits because of various external and internal factors including deterioration of the business environment and increased costs of business restructuring such as additional business reorganization, the impairment of fixed assets and employment adjustment in order to cope with the business environment.

Risks Related to Legal Restrictions and Litigations

Panasonic may be subject to product liability or warranty claims that could result in significant direct or indirect costs

The occurrence of quality problems due to defects, including safety incidents, in Panasonic products could make Panasonic liable for damages not covered by product and completed operation liability insurance, whereby the Company could incur significant expenses. Due to negative publicity concerning these problems, Panasonic's business, operating results and financial condition may be adversely affected.

Panasonic may fail to protect its proprietary intellectual properties, or face claims of intellectual property infringement by a third party, and may lose its intellectual property rights on key technologies or be liable for significant damages

Panasonic's success depends on its ability to obtain intellectual property rights covering its products and product design. Patents may not be granted or may not be of sufficient scope or force to provide Panasonic with adequate protection or commercial advantage. In addition, effective copyright and

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trade secret protections may be unavailable or limited in some countries in which Panasonic operates. Competitors or other third parties may also develop technologies that are protected by patents and other intellectual property rights, which make such technologies unavailable or available only on terms unfavorable to Panasonic. The Company obtains licenses for intellectual property rights from other parties; however, such licenses may not be available at all or on acceptable terms in the future. Litigation may also be necessary to enforce Panasonic's intellectual property rights or to defend against intellectual property infringement claims brought against Panasonic by third parties. In such cases, Panasonic may incur significant expenses for such lawsuits. Furthermore, Panasonic may be prohibited from using certain important technologies or liable for damages in cases of admitted violations of intellectual property rights of others.

Changes in accounting standards and tax systems may adversely affect Panasonic's financial results and condition

Introduction of new accounting standards or tax systems, or changes thereof, which Panasonic cannot predict, may have a material adverse effect on the Company's operating results and financial condition. In addition, if tax authorities have different opinions from Panasonic on the Company's tax declarations, Panasonic may need to make larger tax payments than estimated.

Payments or compensation related to environmental regulations or issues may adversely affect Panasonic's business, operating results and financial condition

Panasonic is subject to environmental regulations such as those relating to climate change, air pollution, water pollution, elimination of hazardous substances, waste management, product recycling, and soil and groundwater contamination, and may be held responsible for certain related payments or compensation. Furthermore, if these regulations become stricter and an additional duty of eliminating the use of environmentally hazardous materials is imposed, or if the Company determines that it is necessary and appropriate, from the viewpoint of corporate social responsibility, to respond to environmental issues, the payment of penalties for the violation of these regulations or voluntary payment of compensation for consolation to parties affected by such issues may adversely affect Panasonic's business, operating results and financial condition.

Leaks of confidential information or trade secrets may adversely affect Panasonic's business

In the normal course of business, Panasonic holds confidential information mainly about customers regarding credit worthiness and other information, as well as confidential information about companies and other third parties. Such information may be leaked due to an accident or other inevitable cause, and any material leakage of confidential information may result

in significant expense for related lawsuits and adversely affect Panasonic's business and image. Moreover, besides customer information, there is a risk that Panasonic's trade secrets, such as technology information, may be leaked by illegal conduct or by mere negligence of external parties, etc. If such is the case, Panasonic's business, operating results and financial condition may be adversely affected.

Governmental laws and regulations may limit Panasonic's activities, increase its operating costs or subject it to sanctions and lawsuits

Panasonic is subject to governmental regulations in Japan and other countries in which it conducts its business, including governmental approvals required for conducting business and investments, laws and regulations governing the telecommunications businesses and electric product safety, national security-related laws and regulations and export/import laws and regulations, as well as commercial, antitrust, patent, product liability, environmental laws and regulations, consumer protection, financial and business taxation laws and regulations, and internal control regulations due to the implementation of stricter laws and regulations and stricter interpretations. However, to the extent that Panasonic cannot comply with these laws and regulations from technical and economic perspectives, or if they become stricter and Panasonic determines that it would not be economical to continue to comply with them, Panasonic would need to limit its activities in the affected business areas. These laws and regulations could increase Panasonic's operating costs. In addition, in the event that governmental authorities find or determine that Panasonic has violated those laws and regulations, Panasonic could become subject to regulatory sanctions, including money penalties, or criminal sanctions or civil lawsuits for damages, and could also suffer reputational harm.

Risks Related to Disasters or Unpredictable Events

Panasonic's facilities and information systems could be damaged as a result of disasters or unpredictable events, which could have an adverse effect on its business operations

Panasonic's headquarters and major facilities including manufacturing plants, sales offices and research and development centers are located in Japan. Panasonic also operates procurement, manufacturing, logistics, sales and research and development facilities all over the world. If major disasters, such as earthquakes, fires, floods, including those caused by climate change, wars, terrorist attacks, computer viruses or other events occur, or Panasonic's information system or communications network breaks down or operates improperly as a result of such events, Panasonic's facilities may be seriously damaged, or the Company may have to stop or delay production and shipment. Panasonic may incur expenses relating to such damages. In addition, if an infectious disease, such as a

new highly-pathogenic flu strain, becomes prevalent throughout the world, Panasonic's manufacturing and sales may be materially disrupted.

Other Risks

External economic conditions may adversely affect Panasonic's pension plans

Panasonic has contributory, funded benefit pension plans covering substantially all employees in Japan who meet eligibility requirements. A decline in interest rates may cause a decrease in the discount rate on benefit obligations. A decrease in the value of stocks may also affect the return on plan assets. As a result, the actuarial loss may increase, leading to an increase in future net periodic benefit costs of these pension plans.

Some long-lived assets may not produce adequate returns

Panasonic has many long-lived assets, such as plant, property and equipment, and goodwill, that generate returns. The Company periodically reviews the recorded value of its long-lived assets to determine if the fair value will be sufficient to support the remaining recorded asset values. If these long-lived assets do not generate sufficient cash flows, impairment losses will have to be recognized, adversely affecting Panasonic's results of operations and financial condition.

Realizability of deferred tax assets and uncertain tax positions may increase Panasonic's provision for income tax

In assessing the realizability of deferred tax assets and uncertain tax positions based on the expected future generation of taxable income or assessed sustainability of uncertain tax positions, Panasonic considers whether it is more likely than not that any portion or all of the deferred tax assets or recognized tax position benefit will not be realized. If Panasonic determines that temporary differences and loss carryforwards or recognized tax benefits cannot be realized upon the generation of future taxable income during the deductible periods due to deteriorating business conditions or tax position benefits may not be realized upon settlement, valuation allowance against deferred tax assets or unrecognized tax benefit reserves could be recognized and Panasonic's provision for income tax may increase.

Financial results and condition of associated companies may adversely affect Panasonic's operating results and financial condition

Panasonic holds equities of several associated companies. Panasonic can exercise influence over operating and financing policies of these companies. However, Panasonic does not have the right to make decisions for them since the companies operate independently. Some companies may record losses. If

these associated companies do not generate profits, Panasonic's business results and financial condition may be adversely affected.

American Depositary Share (ADS) holders have fewer rights than shareholders and may not be able to enforce judgments based on U.S. securities laws

The rights of shareholders under Japanese law to take actions, including exercising their voting rights, receiving dividends and distributions, bringing derivative actions, examining Panasonic's accounting books and records, and exercising appraisal rights are available only to shareholders of record. Because the depositary, through its nominee, is the record holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to exercise their voting rights underlying ADSs in accordance with the instructions of ADS holders and will pay the dividends and distributions collected from Panasonic. However, ADS holders will not be able to bring a derivative action, examine Panasonic's accounting books and records, or exercise appraisal rights through the depositary.

Panasonic's shareholders of record on a record date may not receive the dividend they anticipate

The customary dividend payout practice and relevant regulatory regime of publicly listed companies in Japan may differ from that followed in foreign markets. Panasonic's dividend payout practice is no exception. While the Company regularly announces forecasts of annual and interim dividends in April or May of each year, these forecasts are not legally binding. The actual payment of annual dividends requires a resolution of its shareholders. If the shareholders adopt such a resolution, the annual dividend payment is made to shareholders as of the applicable record date, which is currently specified as March 31 by its Articles of Incorporation. However, such a resolution of the Company's shareholders is usually made at an ordinary general meeting of shareholders held in June. The payment of interim dividends requires only a resolution of its board of directors. If the board adopts such a resolution, the dividend payment is made to shareholders as of the applicable record date, which is currently specified as September 30 by its Articles of Incorporation. However, the board usually does not adopt a resolution with respect to an interim dividend until after September 30. Shareholders of record as of an applicable record date may sell shares in the market after the record date in anticipation of receiving a certain dividend payment based on the previously announced forecasts. However, since these forecasts are not legally binding and resolutions to pay dividends are usually not adopted until after the record date, Panasonic's shareholders of record on record dates for annual or interim dividends may not receive the dividend they anticipate.

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* Refer to [Form-20F](#) for further details.

Consolidated Sales and Earnings Results

Sales

Consolidated group sales for fiscal 2010 amounted to 7,418 billion yen, down 4% from 7,766 billion yen in the previous fiscal year. Explaining fiscal 2010 results, the Company posted sales declines in all business segments.

In fiscal 2010, as the final year of its GP3 plan, the Company simultaneously rebuilt its management structure, and took action for future growth. Specifically, Panasonic drastically reformed its business structure to rebuild its management structure. In addition, the Company pursued penetration and internalization of “Itakona,” acceleration of procurement cost reductions, reinforcement of comprehensive cost reduction efforts, and capital investment and inventory reductions. Meanwhile, to prepare for future growth, the Company developed its unique products with the following concepts as a cornerstone: “super link,” “super energy saving” and “thorough universal design.” Besides this, the Company globally developed its home appliances business, including launching refrigerators and drum-type washing machines in Europe; targeting emerging markets through local-oriented manufacturing; commercializing full HD 3D TVs that are expected to open a new era in television; and strengthening global systems and equipment businesses. These actions drove the Panasonic Group to new growth.

Cost of Sales and Selling, General and Administrative Expenses

In fiscal 2010, cost of sales amounted to 5,341 billion yen, down from the previous year, and selling, general and administrative expenses amounted to 1,886 billion yen, also down from the previous year. These results are due mainly to the effects of sharp sales declines.

Interest Income, Dividends Received and Other Income

In fiscal 2010, interest income decreased 47% to 12 billion yen due mainly to a decrease in invested funds, dividends received decreased 41% to 7 billion yen and other income decreased 9% to 48 billion yen.

Interest Expense and Other Deductions

Interest expense increased 33% to 26 billion yen. In other deductions, the Company incurred 79 billion yen as expenses associated with impairment losses of fixed assets, 39 billion yen as expenses associated with the implementation of an early retirement program and 7 billion yen as a write-down of investment securities.

Income (Loss) before Income Taxes

As a result of the above-mentioned factors, loss before income taxes for fiscal 2010 amounted to 29 billion yen, compared with a loss of 383 billion yen in fiscal 2009.

Provision for Income Taxes

Provision for income taxes for fiscal 2010 amounted to 142 billion yen, a significant increase compared with 37 billion yen in the previous fiscal year. This result was due primarily to the fact that the Company increased the valuation allowances to deferred tax assets.

Equity in Earnings (Losses) of Associated Companies

In fiscal 2010, equity in earnings of associated companies decreased to gains of 0.5 billion yen from the previous year's gains of 16 billion yen. This was due mainly to declining profitability of certain equity method investees.

Net Income (Loss)

Net loss amounted to 171 billion yen for fiscal 2010, compared with a net loss of 404 billion yen in fiscal 2009.

Net Income (Loss) Attributable to**Noncontrolling Interests**

Net loss attributable to noncontrolling interests amounted to 67 billion yen for fiscal 2010, compared with a net loss attributable to noncontrolling interests of 25 billion yen in fiscal 2009. This result was due mainly to IPS Alpha Technology, Ltd.

Net Income (Loss) Attributable to**Panasonic Corporation**

As a result of all the factors stated in the preceding paragraphs, the Company recorded a net loss attributable to Panasonic Corporation of 103 billion yen for fiscal 2010, an improvement of 276 billion yen from the previous year's net loss attributable to Panasonic Corporation of 379 billion yen.

Results of Operations by Business Segment

Digital AVC Networks sales decreased 9% to 3,410 billion yen, compared with 3,749 billion yen in the previous year. Within this segment, although domestic sales of flat-panel TVs, automotive electronics and Blu-ray Disc recorders were favorable, overall sales declined due mainly to a sales decline of notebook PCs and mobile phones. Regarding digital cameras, although market conditions were tough, sales of both high-end and standard models were favorable and the sales remained unchanged from the previous year.

With respect to this segment, despite the sales decline, operating profit significantly improved to 87 billion yen, or 2.6% of sales, from 3 billion yen in fiscal 2009. This was due mainly to comprehensive streamlining efforts.

Sales of Home Appliances decreased 7% to 1,142 billion yen, compared with 1,223 billion yen in the previous fiscal year. Within Home Appliances, despite strong sales of refrigerators, overall sales decreased due mainly to weak sales of air conditioners and compressors.

Profit in this segment increased 36% from 49 billion yen in fiscal 2009, to 67 billion yen for fiscal 2010, or 5.8% of sales. Comprehensive streamlining efforts offset the negative impact of sales declines and led the operating profit increase in this segment.

Sales of PEW and PanaHome decreased 8% to 1,632 billion yen, compared with 1,766 billion yen in the previous fiscal year. At PEW and its subsidiaries, sales mainly decreased in electrical construction materials and building materials. For PanaHome Corporation and its subsidiaries, ongoing sluggishness in the Japanese housing market conditions led to the sales decrease.

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With respect to this segment, operating profit was 35 billion yen, or 2.1% of sales, down 13% from 40 billion yen in fiscal 2009, due mainly to a decline in sales.

Sales of Components and Devices decreased 11% to 1,005 billion yen, from the previous year's 1,127 billion yen, due mainly to sales downturns in batteries and semiconductors.

With respect to this segment, profit increased 408% from 7 billion yen in fiscal 2009, to 36 billion yen for fiscal 2010, or 3.6% of sales, due mainly to fixed cost reductions.

Sales in the SANYO segment amounted to 405 billion yen. In the period from January to March 2010, sales of solar cells were strong helped by economic stimulus programs and environment policies in several countries.

With respect to this segment, profit resulted in a loss of 0.7 billion yen, incurring the expenses such as amortization of intangible asset recorded at acquisition.

Sales in the Other segment amounted to 1,012 billion yen, down 6% from 1,072 billion yen in the previous year, due mainly to weak sales in factory automation equipment.

With respect to this segment, profit was down 18% from 24 billion yen for fiscal 2010, to 20 billion yen, which was equivalent to 1.9% against sales in fiscal 2010. This result was due mainly to the aforementioned sales declines.

Information by Business Segment

	Millions of yen		
	2010	2009	2008
Sales:			
Digital AVC Networks	¥3,409,501	¥3,748,957	¥4,319,594
Home Appliances.....	1,142,242	1,222,950	1,316,402
PEW and PanaHome	1,632,113	1,766,262	1,910,292
Components and Devices	1,005,334	1,127,270	1,398,684
SANYO	404,841	—	—
Other	1,012,154	1,071,738	1,084,254
JVC	—	—	183,142
Eliminations.....	(1,188,205)	(1,171,670)	(1,143,440)
Total	¥7,417,980	¥7,765,507	¥9,068,928
Segment profit (loss):			
Digital AVC Networks	¥ 87,289	¥ 3,176	¥ 252,239
Home Appliances.....	66,525	48,980	86,412
PEW and PanaHome	34,742	40,081	96,405
Components and Devices	36,094	7,107	104,989
SANYO	(730)	—	—
Other	19,727	23,927	64,205
JVC	—	—	(9,672)
Corporate and eliminations	(53,194)	(50,398)	(75,097)
Total	¥ 190,453	¥ 72,873	¥ 519,481

* SANYO and its subsidiaries became Panasonic's consolidated subsidiaries in December 2009, and are disclosed as the "SANYO" segment. The operating results of SANYO and its subsidiaries after January 2010 are included in the Company's consolidated financial statements.

* The Company has changed the transactions between the Global Procurement Service Company and the Other segment since April 1, 2008. Accordingly, sales results for Other and Corporate and eliminations for fiscal 2008 have been reclassified to conform with the presentation for fiscal 2009.

Sales Results by Region

Sales in the domestic market amounted to 3,994 billion yen, down 2% from 4,082 billion yen in fiscal 2009, although sales gains were recorded in flat-panel TVs and refrigerators due to the positive effect of “eco-point” economic stimulus program. This sales decline was due mainly to a sales decrease in mobile phones, semiconductors and batteries.

Overseas sales amounted to 3,424 billion yen, down 7% from 3,684 billion yen in the previous fiscal year.

There were sharp sales declines particularly in AV products such as flat-panel TVs and automotive electronics.

By region, sales in the Americas amounted to 918 billion yen, down 8% from 997 billion yen in fiscal 2009. This was due mainly to sales declines in information and communications equipment and home appliances, and

the effect of exchange rate fluctuations, although sales in AV products such as flat-panel TVs and digital cameras were favorable.

Sales in Europe amounted to 771 billion yen, down 20% from the previous year's 963 billion yen, suffered from weak economic demand in eastern Europe and Russia. This was due mainly to a sales decrease of automotive electronics and home appliances, although sales of digital AV products such as flat-panel TVs and digital cameras were favorable.

In the Asia and Others region, sales increased 1% to 1,735 billion yen, from the previous year's 1,724 billion yen. In Asia, this was due mainly to an increase in sales of numerous products, including flat-panel TVs, air conditioners and washing machines, thanks to strong market conditions.

Breakdown of Sales by Region

	Millions of yen		
	2010	2009	2008
Domestic Sales	¥3,994,379	¥4,082,233	¥4,544,772
Overseas Sales:			
North and South America.....	917,898	996,647	1,250,677
Europe.....	771,251	962,981	1,212,971
Asia and Others	1,734,452	1,723,646	2,060,508
Total	3,423,601	3,683,274	4,524,156
Total	¥7,417,980	¥7,765,507	¥9,068,928

Financial Position and Liquidity

Total Assets, Liabilities and Equity

The Company's consolidated total assets as of the end of fiscal 2010 increased to 8,358 billion yen, as compared with 6,403 billion yen at the end of the last fiscal year. This increase was due primarily to the effect of consolidating SANYO and its subsidiaries.

The Company's consolidated total liabilities as of March 31, 2010 increased to 4,678 billion yen, as compared with 3,191 billion yen at the end of the last fiscal year. This increase was also due primarily to the effect of consolidating SANYO and its subsidiaries.

Panasonic Corporation shareholders' equity as of March 31, 2010 amounted 2,792 billion yen, mostly unchanged from the previous year's 2,784 billion yen.

Noncontrolling interests increased by 459 billion yen, to 887 billion yen. This result was due mainly to the effect of consolidating SANYO and its subsidiaries.

Profit Distribution

During fiscal 2010, the Company distributed an interim (semiannual) cash dividend of 5.00 yen per common share. As for the year-end dividend for fiscal 2010, upon the resolution of the Board of Directors Meeting, the Company also distributed 5.00 yen per common share. Accordingly, total dividends for fiscal 2010, including the interim cash dividend, amounted to 10.00 yen per common share.

Capital Investment and Depreciation**

Capital investment (excluding intangibles) during fiscal 2010 totaled 385 billion yen, down 22% from the previous fiscal year's total of 494 billion yen. Panasonic implemented capital investment primarily to increase production capacity in strategic business areas such as batteries and flat-panel TVs. Principal capital investments

Financial Position and Liquidity

	Millions of yen		
	2010	2009	2008
Total assets (at year-end)	¥8,358,057	¥6,403,316	¥7,443,614
Panasonic Corporation shareholders' equity (at year-end).....	2,792,488	2,783,980	3,742,329
Capital investment* **			
Purchases of property, plant and equipment shown as capital expenditures in the consolidated statements of cash flows	375,648	521,580	418,730
Effects of timing difference between acquisition dates and payment dates.....	9,841	(27,212)	30,618
	385,489	494,368	449,348
Depreciation*	251,839	325,835	282,102

* Excluding intangibles

** Reconciliation of Non U.S. GAAP capital investment figures

The Company defines capital investment as purchases of property, plant and equipment on an accrual basis which reflects the effects of timing differences between acquisition dates and payment dates. The Company has included the information concerning capital investment because its management uses this indicator to manage its capital expenditures and it believes that such indicator is useful to investors to present accrual basis capital investments in addition to the cash basis information in the consolidated statements of cash flows.

The above table shows a reconciliation of capital investment to purchases of property, plant and equipment shown as capital expenditures in the consolidated statements of cash flows.

consisted of PDP manufacturing facilities for the domestic Plant No. 5 in Amagasaki, Hyogo Prefecture, Japan; LCD panel production facilities for the Himeji plant in Hyogo Prefecture, Japan; and lithium-ion battery production facilities for the Suminoe plant in Osaka Prefecture, Japan.

Depreciation (excluding intangibles) during fiscal 2010 amounted to 252 billion yen, down 23% compared with 326 billion yen in the previous fiscal year as the Company incurred impairment losses in fiscal 2009.

Cash Flows

Net cash provided by operating activities in fiscal 2010 amounted to 522 billion yen, compared with 117 billion yen in the previous fiscal year. This result was due mainly to operational improvement, as well as increases in trade payables, accrued expenses and other current liabilities, and a decrease in inventories, despite an increase in trade receivables.

Net cash used in investing activities amounted to 323 billion yen, compared with 470 billion yen in fiscal 2009. This result was due primarily to the decrease of expenses by reduction in capital investment and a decrease in time deposits, despite an outflow to purchase of SANYO shares of 175 billion yen (deducting the amount of cash and cash equivalents of SANYO and its subsidiaries as of the acquisition date.)

Net cash used in financing activities was 57 billion yen, compared with cash inflow of 149 billion yen in fiscal 2009. This result was due mainly to the issuance of unsecured straight bonds of 400 billion yen in fiscal 2009, despite a decrease of dividend payment and repurchasing of its own shares.

All these activities and the effect of exchange rate fluctuations (a negative impact of 6 billion yen) resulted in cash and cash equivalents at the end of fiscal 2010 of 1,110 billion yen, compared with 974 billion yen a year ago.

Free cash flow in fiscal 2010 amounted to a cash inflow of 199 billion yen, compared with a cash outflow of 353 billion yen in fiscal 2009. This result was due mainly to operational improvement, as well as a decrease in inventories and capital expenditures.

Consolidated Balance Sheets

Panasonic Corporation and Subsidiaries
March 31, 2010 and 2009

	Millions of yen	
	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	¥1,109,912	¥ 973,867
Time deposits	92,032	189,288
Short-term investments.....	—	1,998
Trade receivables:		
Related companies.....	37,940	16,178
Notes	74,028	42,582
Accounts.....	1,097,230	727,504
Allowance for doubtful receivables.....	(24,158)	(21,131)
Net trade receivables	1,185,040	765,133
Inventories	913,646	771,137
Other current assets	505,418	493,271
Total current assets.....	3,806,048	3,194,694
Investments and advances:		
Associated companies.....	177,128	123,959
Other investments and advances	459,634	427,792
Total investments and advances	636,762	551,751
Property, plant and equipment:		
Land	391,394	298,346
Buildings	1,767,674	1,532,359
Machinery and equipment.....	2,303,633	2,229,123
Construction in progress	128,826	213,617
	4,591,527	4,273,445
Less accumulated depreciation.....	2,635,506	2,698,615
Net property, plant and equipment.....	1,956,021	1,574,830
Other assets:		
Goodwill.....	923,001	410,792
Intangible assets	604,865	120,712
Other assets	431,360	550,537
Total other assets.....	1,959,226	1,082,041
	¥8,358,057	¥6,403,316

	Millions of yen	
	2010	2009
Liabilities and Equity		
Current liabilities:		
Short-term debt, including current portion of long-term debt.....	¥ 299,064	¥ 94,355
Trade payables:		
Related companies.....	66,596	58,315
Notes	59,516	38,196
Accounts.....	945,334	582,857
Total trade payables.....	1,071,446	679,368
Accrued income taxes	39,154	26,139
Accrued payroll.....	149,218	115,845
Other accrued expenses.....	826,051	672,836
Deposits and advances from customers	64,046	60,935
Employees' deposits.....	10,009	269
Other current liabilities.....	356,875	350,681
Total current liabilities	2,815,863	2,000,428
Noncurrent liabilities:		
Long-term debt.....	1,028,928	651,310
Retirement and severance benefits	435,799	404,367
Other liabilities.....	397,694	134,630
Total noncurrent liabilities	1,862,421	1,190,307
Panasonic Corporation shareholders' equity:		
Common stock:		
Authorized—4,950,000,000 shares		
Issued—2,453,053,497 shares (2,453,053,497 shares in 2009).....	258,740	258,740
Capital surplus	1,209,516	1,217,764
Legal reserve	93,307	92,726
Retained earnings.....	2,349,487	2,479,416
Accumulated other comprehensive income (loss):		
Cumulative translation adjustments	(352,649)	(341,592)
Unrealized holding gains (losses) of available-for-sale securities	40,700	(10,563)
Unrealized gains (losses) of derivative instruments.....	1,272	(4,889)
Pension liability adjustments	(137,555)	(237,333)
Total accumulated other comprehensive loss.....	(448,232)	(594,377)
Treasury stock, at cost:		
382,448,008 shares (382,411,876 shares in 2009).....	(670,330)	(670,289)
Total Panasonic Corporation shareholders' equity	2,792,488	2,783,980
Noncontrolling interests	887,285	428,601
	3,679,773	3,212,581
Commitments and contingent liabilities		
	¥8,358,057	¥6,403,316

Consolidated Statements of Operations

Panasonic Corporation and Subsidiaries
Years ended March 31, 2010, 2009 and 2008

	Millions of yen		
	2010	2009	2008
Revenues, costs and expenses:			
Net sales:			
Related companies.....	¥ 209,938	¥ 223,231	¥ 371,216
Other.....	7,208,042	7,542,276	8,697,712
Total net sales.....	7,417,980	7,765,507	9,068,928
Cost of sales.....	(5,341,059)	(5,667,287)	(6,377,240)
Selling, general and administrative expenses.....	(1,886,468)	(2,025,347)	(2,172,207)
Interest income	12,348	23,477	34,371
Dividends received	6,746	11,486	10,317
Other income	47,896	52,709	70,460
Interest expense	(25,718)	(19,386)	(20,357)
Other deductions	(261,040)	(523,793)	(179,279)
Income (loss) before income taxes	(29,315)	(382,634)	434,993
Provision for income taxes:			
Current	58,147	61,840	128,181
Deferred.....	83,686	(24,482)	(13,608)
	141,833	37,358	114,573
Equity in earnings (losses) of associated companies.....	481	16,149	(9,906)
Net income (loss)	(170,667)	(403,843)	310,514
Less net income (loss) attributable to noncontrolling interests	(67,202)	(24,882)	28,637
Net income (loss) attributable to Panasonic Corporation	¥ (103,465)	¥ (378,961)	¥ 281,877
Net income (loss) per share attributable to Panasonic Corporation common shareholders:			
Basic	¥ (49.97)	¥ (182.25)	¥ 132.90
Diluted	—	(182.25)	132.90

Consolidated Statements of Equity

Panasonic Corporation and Subsidiaries
Years ended March 31, 2010, 2009 and 2008

	Millions of yen		
	2010	2009	2008
Common stock:			
Balance at beginning of year	258,740	258,740	258,740
Balance at end of year	¥ 258,740	¥ 258,740	¥ 258,740
Capital surplus:			
Balance at beginning of year	1,217,764	1,217,865	1,220,967
Sale of treasury stock	(8)	(101)	59
Decrease from issuance of new shares by a subsidiary	—	—	(3,161)
Equity transactions with noncontrolling interests and others	(8,240)	—	—
Balance at end of year	¥1,209,516	¥1,217,764	¥1,217,865
Legal reserve:			
Balance at beginning of year	92,726	90,129	88,588
Transfer from retained earnings	581	2,597	1,541
Balance at end of year	¥ 93,307	¥92,726	¥90,129
Retained earnings:			
Balance at beginning of year prior to adjustment	2,479,416	2,948,065	2,737,024
Effects of changing the pension plan measurement date, net of tax	—	(3,727)	—
Balance at beginning of year as adjusted	2,479,416	2,944,338	2,737,024
Net income (loss) attributable to Panasonic Corporation	(103,465)	(378,961)	281,877
Cash dividends to Panasonic Corporation stockholders	(25,883)	(83,364)	(69,295)
Transfer to legal reserve	(581)	(2,597)	(1,541)
Balance at end of year	¥2,349,487	¥2,479,416	¥2,948,065
Accumulated other comprehensive income (loss):			
Balance at beginning of year prior to adjustment	(594,377)	(173,897)	107,097
Effects of changing the pension plan measurement date, net of tax	—	(73,571)	—
Balance at beginning of year as adjusted	(594,377)	(247,468)	107,097
Other comprehensive income (loss), net of tax	146,145	(346,909)	(280,994)
Balance at end of year	¥ (448,232)	¥ (594,377)	¥ (173,897)
Treasury stock:			
Balance at beginning of year	(670,289)	(598,573)	(495,675)
Repurchase of common stock	(72)	(72,416)	(103,112)
Sale of treasury stock	31	700	214
Balance at end of year	¥ (670,330)	¥ (670,289)	¥ (598,573)
Noncontrolling interests:			
Balance at beginning of year prior to adjustment	428,601	514,620	551,154
Effects of changing the pension plan measurement date, net of tax	—	(3)	—
Balance at beginning of year as adjusted	428,601	514,617	551,154
Cash dividends paid to noncontrolling interests	(14,619)	(20,803)	(19,807)
Acquisition transaction	532,360	—	29,248
Issuance of shares by subsidiaries	—	—	40,000
Change in consolidated subsidiaries	—	—	(90,470)
Equity transactions with noncontrolling interests and others	(2,402)	(1,422)	(3,520)
Net income (loss) attributable to noncontrolling interests	(67,202)	(24,882)	28,637
Other comprehensive income (loss), net of tax:			
Translation adjustments	1,238	(18,043)	(8,260)
Unrealized holding gains (losses) of available-for-sale securities	2,378	(1,619)	(3,806)
Unrealized gains (losses) of derivative instruments	68	(12)	332
Pension liability adjustments	6,863	(19,235)	(8,888)
Balance at end of year	¥ 887,285	¥ 428,601	¥ 514,620
Disclosure of comprehensive income (loss):			
Net income (loss)	(170,667)	(403,843)	310,514
Other comprehensive income (loss), net of tax:			
Translation adjustments	(9,819)	(130,843)	(137,514)
Unrealized holding gains (losses) of available-for-sale securities	53,641	(57,624)	(119,195)
Unrealized gains (losses) of derivative instruments	6,229	(9,227)	3,796
Pension liability adjustments	106,641	(188,124)	(48,703)
Comprehensive income (loss)	(13,975)	(789,661)	8,898
Comprehensive income (loss) attributable to noncontrolling interests	(56,655)	(63,791)	8,015
Comprehensive income (loss) attributable to Panasonic Corporation	¥ 42,680	¥ (725,870)	¥ 883

Consolidated Statements of Cash Flows

Panasonic Corporation and Subsidiaries
Years ended March 31, 2010, 2009 and 2008

	Millions of yen		
	2010	2009	2008
Cash flows from operating activities:			
Net income (loss)	¥ (170,667)	¥ (403,843)	¥ 310,514
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	298,270	364,806	320,534
Net gain on sale of investments	(5,137)	(13,512)	(14,402)
Provision for doubtful receivables	10,862	10,538	6,008
Deferred income taxes	83,686	(24,482)	(13,608)
Write-down of investment securities	6,944	92,016	31,842
Impairment loss on long-lived assets	83,004	313,466	44,627
Cash effects of changes in, excluding acquisition:			
Trade receivables	(119,966)	249,123	(56,677)
Inventories	100,576	21,011	(37,372)
Other current assets	24,151	30,279	39,602
Trade payables	83,719	(199,176)	(41,568)
Accrued income taxes	6,706	(33,358)	5,765
Accrued expenses and other current liabilities	102,743	(157,660)	9,973
Retirement and severance benefits	(8,655)	(107,196)	(128,937)
Deposits and advances from customers	(7,368)	(21,191)	(15,915)
Other	33,465	(4,174)	5,672
Net cash provided by operating activities	522,333	116,647	466,058
Cash flows from investing activities:			
Proceeds from sale of short-term investments	6,442	—	697
Purchase of short-term investments	(6,369)	—	—
Proceeds from disposition of investments and advances	61,302	221,127	313,947
Increase in investments and advances	(8,855)	(34,749)	(160,423)
Capital expenditures	(375,648)	(521,580)	(418,730)
Proceeds from disposals of property, plant and equipment	117,857	40,476	151,279
(Increase) decrease in time deposits	99,274	(136,248)	166,750
Purchase of shares of newly consolidated subsidiaries, net of acquired companies' cash and cash equivalents	(174,808)	—	(68,309)
Other	(42,854)	(38,503)	(46,582)
Net cash used in investing activities	(323,659)	(469,477)	(61,371)
Cash flows from financing activities:			
Increase (decrease) in short-term debt	(3,360)	(34,476)	(5,815)
Proceeds from long-term debt	53,172	442,515	1,344
Repayments of long-term debt	(54,780)	(83,257)	(46,750)
Dividends paid to Panasonic Corporation shareholders	(25,883)	(83,364)	(69,295)
Dividends paid to noncontrolling interests	(14,619)	(20,803)	(19,807)
Repurchase of common stock	(72)	(72,416)	(103,112)
Sale of treasury stock	23	599	273
Purchase of noncontrolling interests	(11,095)	—	—
Proceeds from issuance of shares by subsidiaries	—	—	39,866
Other	(359)	(86)	(252)
Net cash provided by (used in) financing activities	(56,973)	148,712	(203,548)
Effect of exchange rate changes on cash and cash equivalents	(5,656)	(36,831)	(129,521)
Effect of changes in consolidated subsidiaries	—	—	(93,441)
Net increase (decrease) in cash and cash equivalents	136,045	(240,949)	(21,823)
Cash and cash equivalents at beginning of year	973,867	1,214,816	1,236,639
Cash and cash equivalents at end of year	¥1,109,912	¥ 973,867	¥1,214,816

Investor Information

(As of March 31, 2010)

Stock Information

Number of Shares Issued

2,453,053,497 (Including 382,448,008 shares held by Panasonic)

Number of Shareholders

316,182

Japanese Stock Exchange Listings

Tokyo, Osaka and Nagoya Stock Exchanges

Overseas Stock Exchange Listing

New York Stock Exchange

Transfer Agent for Common Stock

The Sumitomo Trust & Banking Co., Ltd.
5-33, Kitahama, 4-chome, Chuo-ku, Osaka-shi,
Osaka 540-8639, Japan
Phone: +81-6-6220-2121

Depository and Transfer Agent for American Depositary Receipts (ADRs)

JPMorgan Service Center
P.O. Box 64504
St. Paul, MN 55164-0504, U.S.A.
Phone: U.S.: +1-800-990-1135
International: +1-651-453-2128

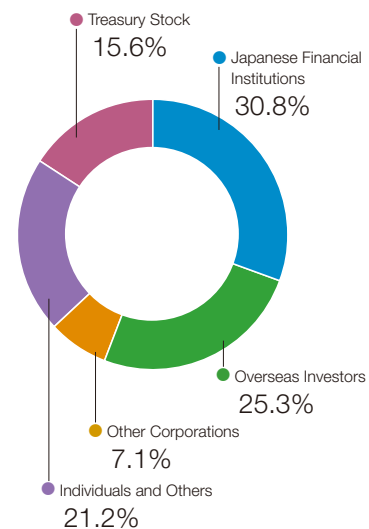
Major Shareholders

Name	Share ownership (in thousands of shares)	Percentage of total issued shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	112,992	4.60
Moxley & Co.	103,982	4.23
Japan Trustee Services Bank, Ltd. (trust account)	95,565	3.89
Nippon Life Insurance Company	67,000	2.73
Sumitomo Mitsui Banking Corporation	57,024	2.32
Panasonic Employee Shareholding Association	40,192	1.63
State Street Bank and Trust Co.	33,827	1.37
Mitsui Sumitomo Insurance Co., Ltd.	32,605	1.32
Sumitomo Life Insurance Co.	31,382	1.27
Daikin Industries, Ltd.	28,605	1.16

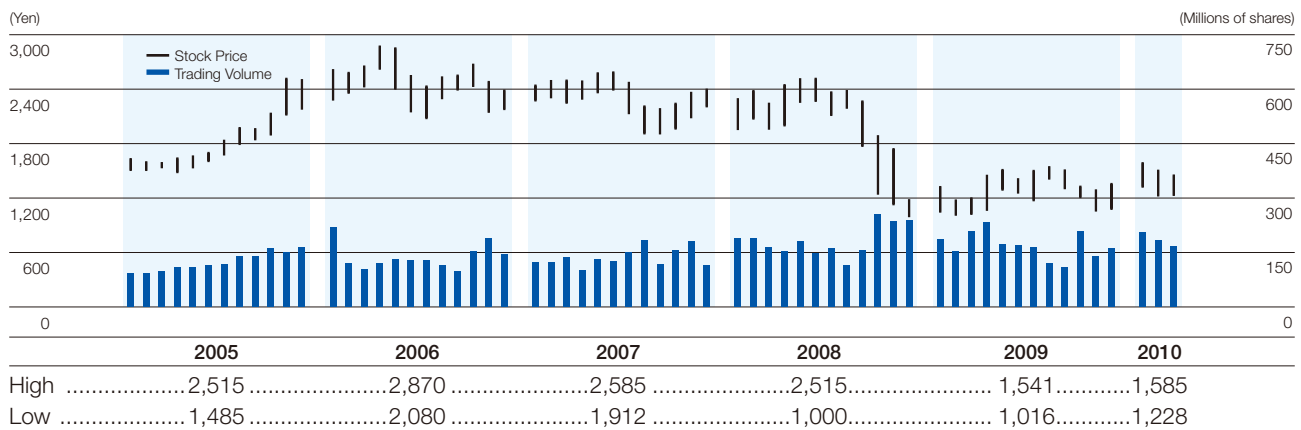
Notes 1. Holdings of less than 1,000 shares have been omitted.
2. The Company holds 382,448 thousand shares of its own common stock.
3. The percentage of total issued shares is rounded down to two decimal places.

Breakdown of Issued Shares by Type of Shareholders

(As of March 31, 2010)



Company Stock Price and Trading Volume (Tokyo Stock Exchange, Calendar year/monthly basis)



Corporate Information

Company Name

Panasonic Corporation
(NYSE: PC/TSE Securities Code: 6752)

Founded

March, 1918 (incorporated in December, 1935)

Common Stock

258.7 billion yen

Number of Employees

384,586 (consolidated)

Consolidated Companies

680

Associated Companies Under the Equity Method

232

Corporate HP

Panasonic Corporate Site
<http://panasonic.net/>
IR Site
<http://panasonic.net/ir/>

Corporate Bonds Information

Corporate Bonds

Unsecured Straight Bonds in Japan

Series	Years	Coupon rate (per annum)	Aggregate principal amount of issue	Maturity date
Fifth	10	1.640%	100 billion yen	December 20, 2011
Sixth	3	1.140%	100 billion yen	March 20, 2012
Seventh	5	1.404%	200 billion yen	March 20, 2014
Eighth	10	2.050%	100 billion yen	March 20, 2019

Basic History of the Company

1918

Konosuke Matsushita founded Matsushita Electric Housewares Manufacturing Works.
Sales of the Company's first product, an improved attachment plug, began.

1927

The "National" brand name was registered.

1933

A divisional system was instituted.

1935

The Company was reorganized and renamed Matsushita Electric Industrial Co., Ltd.

1949

The Company's shares were listed on the Tokyo Stock Exchange and the Osaka Securities Exchange.

1959

Matsushita Electric Corporation of America was established. Following this move, the Company established bases in other parts of the world.

1971

The Company's shares were listed on the New York Stock Exchange.

2002

The Company made Matsushita Communication Industrial Co., Ltd., Kyushu Matsushita Electric Co., Ltd., Matsushita Seiko Co., Ltd., Matsushita Kotobuki Electronics Industries, Ltd. and Matsushita Graphic Communication Systems, Inc. into wholly-owned subsidiaries.

2003

The Company adopted a business domain-based organizational style through restructuring.
The Company made Matsushita Electronic Components Co., Ltd. and Matsushita Battery Industrial Co., Ltd. into wholly-owned subsidiaries.

2004

The Company made Matsushita Electric Works, Ltd. (now Panasonic Electric Works Co., Ltd.), PanaHome Corporation and their subsidiaries into consolidated subsidiaries.

2008

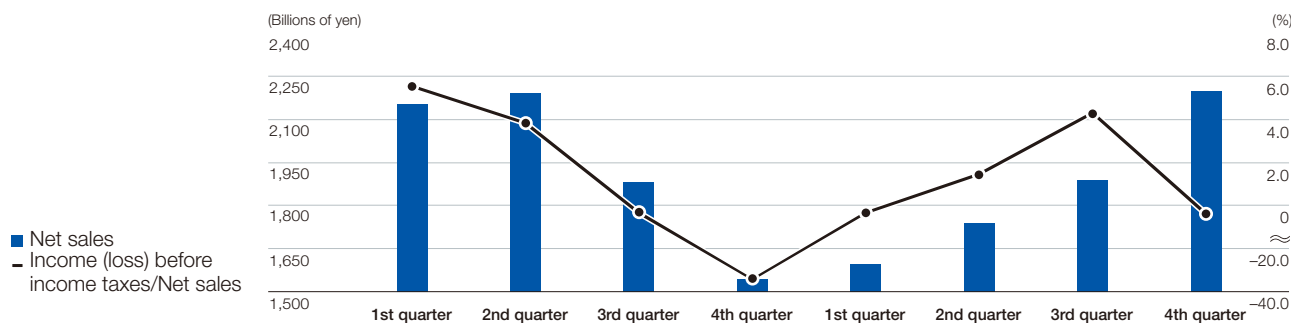
The Company changed its name from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation. The Company planned to unify its corporate brands under the "Panasonic" name across the world.

2009

The Company made SANYO Electric Co., Ltd. and its subsidiaries into consolidated subsidiaries.

Quarterly Financial Results

(Years ended March 31, 2009 and 2010)



(Millions of yen)	2009				2010			
Net sales	¥2,151,997	¥2,191,714	¥1,879,940	¥1,541,856	¥1,595,458	¥1,737,838	¥1,886,588	¥2,198,096
Income (loss) before income taxes	119,255	84,041	(59,140)	(526,790)	(51,765)	25,312	81,095	(83,957)
Net income (loss) attributable to Panasonic Corporation	73,031	55,461	(63,116)	(444,337)	(52,977)	6,109	32,259	(88,856)

Note: Quarterly financial data is unaudited and has not been reviewed under Statements on Auditing Standards No. 100 "Interim Financial Information," by Panasonic's independent registered public accounting firm.

Investor Relations Offices

Japan

Osaka

Panasonic Corporation, Investor Relations Office
1006, Oaza Kadoma, Kadoma-shi, Osaka 571-8501,
Japan
Phone: +81-6-6908-1121

Tokyo

Panasonic Corporation, Investor Relations Office
1-2, 1-chome, Shiba-Koen, Minato-ku,
Tokyo 105-8581, Japan
Phone: +81-3-3437-1121

U.S.

Panasonic Finance (America), Inc.
1 Rockefeller Plaza, Suite 1001,
New York, NY 10020-2002, U.S.A.
Phone: +1-212-698-1360

Europe

Panasonic Finance (Europe) plc
5th Floor 9 Devonshire Square, London,
EC2M 4YF, U.K.
Phone: +44-20-3008-6887

<http://panasonic.net/>



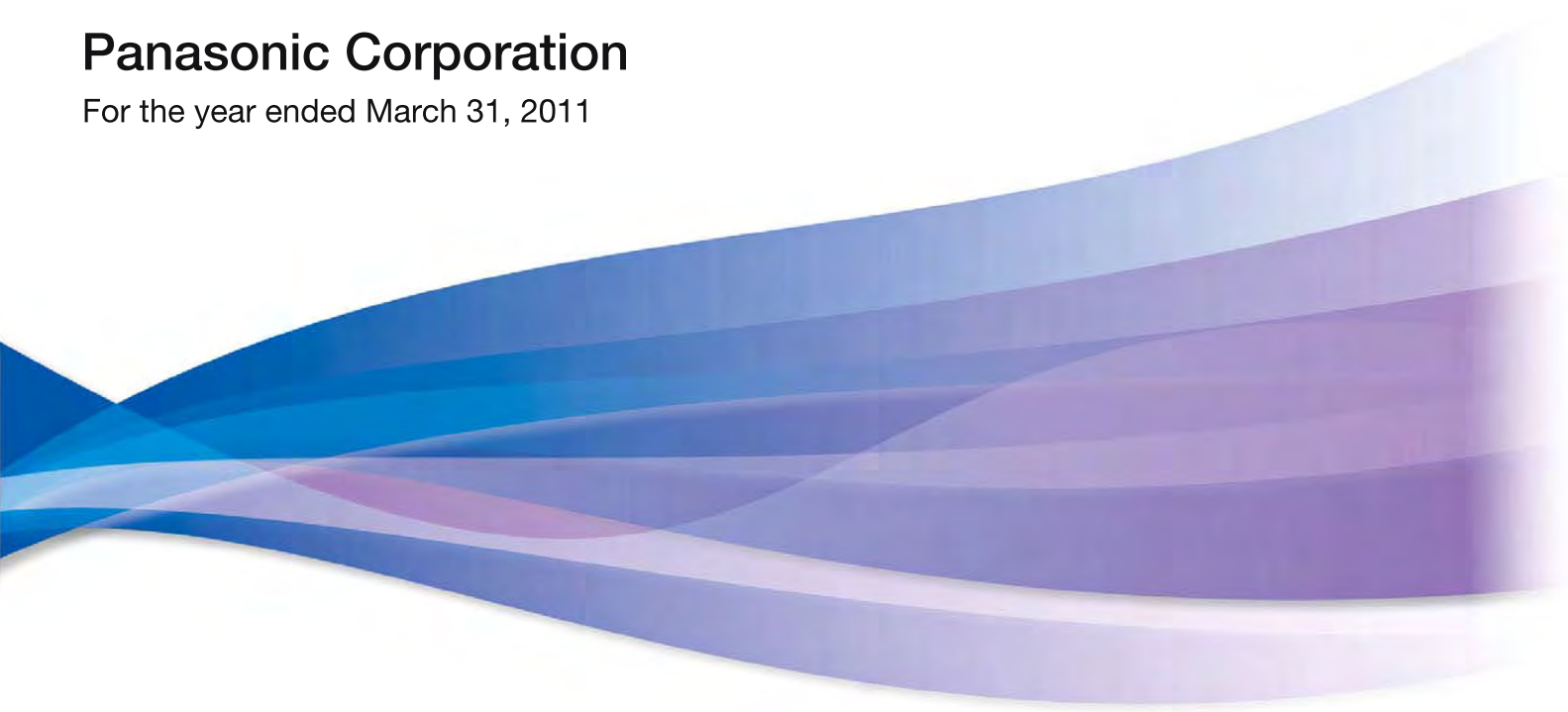
EXHIBIT S



Annual Report 2011

Panasonic Corporation

For the year ended March 31, 2011



Panasonic
ideas for life

Financial Highlights	Highlights	Top Message	Group Strategies	Segment Information	R&D	Design	Intellectual Property	Corporate Governance	Financial and Corporate Data
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Profile

Since its foundation in 1918, Panasonic Corporation has been guided by its basic management philosophy, which states that the mission of an enterprise is to contribute to the progress and development of society and the well-being of people worldwide.

Currently, the Company is actively undertaking Group-wide reorganization in an effort to become the No. 1 Green Innovation Company in the Electronics Industry. As a part of this reorganization, Panasonic made Panasonic Electric Works Co., Ltd. (PEW) and SANYO Electric Co., Ltd. (SANYO) wholly-owned subsidiaries on April 1, 2011.

Consistent with its brand slogan, "Panasonic ideas for life," the Company will continue to enrich the lives of people around the world and contribute to a future for the earth and the progress of society.

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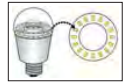
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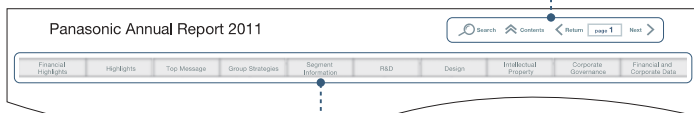
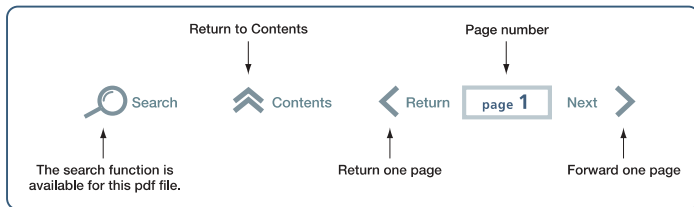
Note: Risk Factors
Please refer to the Company's Form 20-F for details regarding business and other risks.



Instructions Regarding the Use of Navigation and Category Tabs

With the exception of the relevant page number, navigation tabs will not appear when each page is printed.

Navigation tab



Category tab



Editorial Policy

This Annual Report contains wide-ranging information including details of Panasonic's business strategies and financial position that assist mainly individual and institutional investors in making investment decisions. In this Report, the Company has focused particularly on improving quality from the following two perspectives.

1. Readability

Enhancing the Report's overall landscape, steps have been taken to improve PC screen readability. Navigation and category tabs are newly employed on each page allowing easy movement between pages.

2. Content

A Topics section has been added to further enhance the Report's content. Initiatives implemented as well as the details and results of business activities are presented together with photographs and charts in an easy-to-understand manner.

Please refer to the website URL indicated to the right for information on Panasonic's approach and activities regarding corporate social responsibilities (CSR) and the environment.



CSR
<http://panasonic.net/csr/>



Environmental Activities
<http://panasonic.net/eco/>

Disclaimer Regarding Forward-Looking Statements

This Annual Report includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this Annual Report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this Annual Report. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the U.S. Securities Exchange Act of 1934 and its other filings.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the U.S., Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Panasonic Group operates businesses, or in which assets and liabilities of the Panasonic Group are denominated; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising

environment; the ability of the Panasonic Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results on the alliances or mergers and acquisitions including the business reorganization after the acquisition of all shares of Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.; the ability of the Panasonic Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Panasonic Group to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; natural disasters including earthquakes, prevalence of infectious diseases throughout the world and other events that may negatively impact business activities of the Panasonic Group; as well as direct or indirect adverse effects of the Great East Japan Earthquake on the Panasonic Group in terms of, among others, component procurement, manufacturing, distribution, economic conditions in Japan including consumer spending and sales activities overseas. The factors listed above are not all-inclusive and further information is contained in Panasonic's latest annual reports, Form 20-F, and any other reports and documents which are on file with the U.S. Securities and Exchange Commission.

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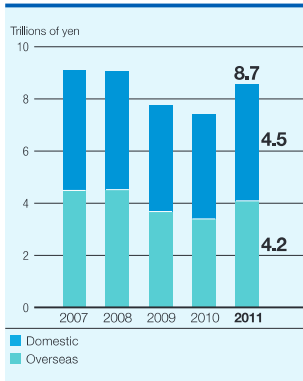
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■ Major Financial Indicators (Graphs) | □ Major Financial Indicators (Tables) |

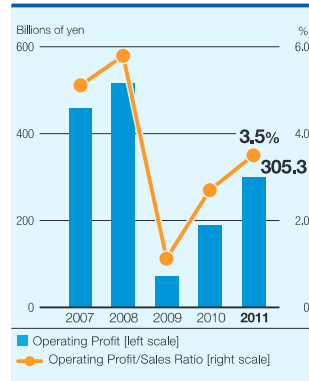
Major Financial Indicators (Graphs)

Panasonic Corporation and Subsidiaries
Years ended March 31

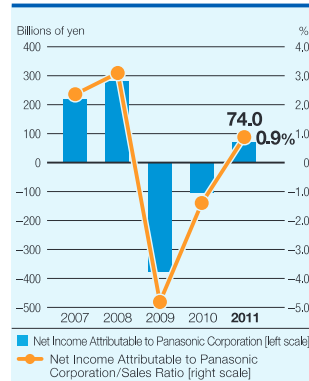
Net Sales



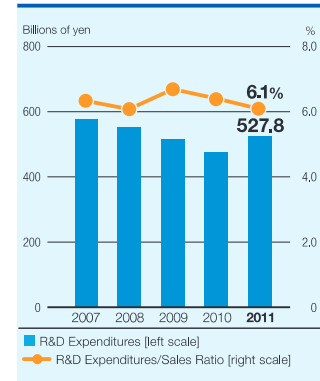
Operating Profit and Ratio to Sales



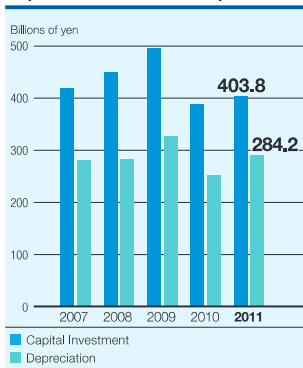
Net Income Attributable to Panasonic Corporation and Ratio to Sales



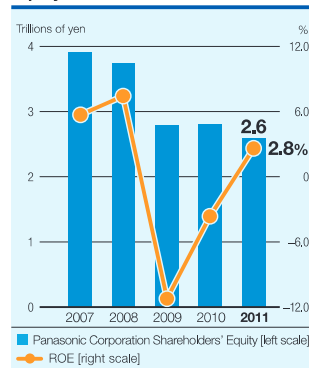
R&D Expenditures and Ratio to Sales



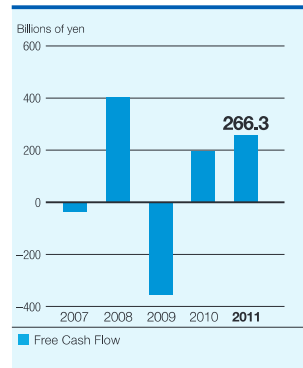
Capital Investment and Depreciation



Panasonic Corporation Shareholders' Equity and ROE



Free Cash Flow



Dividends Declared per Share and Payout Ratio



*Payout ratios have not been presented for those fiscal years in which the Company incurred a net loss attributable to Panasonic Corporation.

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Major Financial Indicators (Tables)

Panasonic Corporation and Subsidiaries
Years ended March 31

 Download DATA BOOK
(10-Year Summary)

(Millions of yen)

	2007	2008	2009	2010	2011
For the year					
Net sales	9,108,170	9,068,928	7,765,507	7,417,980	8,692,672
Operating profit	459,541	519,481	72,873	190,453	305,254
Income (loss) before income taxes	439,144	434,993	(382,634)	(29,315)	178,807
Net income (loss)	248,316	310,514	(403,843)	(170,667)	85,597
Net income (loss) attributable to Panasonic Corporation	217,185	281,877	(378,961)	(103,465)	74,017
Capital investment*	418,334	449,348	494,368	385,489	403,778
Depreciation*	280,177	282,102	325,835	251,839	284,244
R&D expenditures	578,087	554,538	517,913	476,903	527,798
Free cash flow	(35,251)	404,687	(352,830)	198,674	266,250
* Excluding intangibles					
At year-end					
Long-term debt	226,780	232,346	651,310	1,028,928	1,162,287
Total assets	7,896,958	7,443,614	6,403,316	8,358,057	7,822,870
Panasonic Corporation shareholders' equity	3,916,741	3,742,329	2,783,980	2,792,488	2,558,992
Total equity	4,467,895	4,256,949	3,212,581	3,679,773	2,946,335
Number of shares issued at year-end (thousands)	2,453,053	2,453,053	2,453,053	2,453,053	2,453,053
Number of shareholders (persons)	250,858	234,532	277,710	316,182	364,618
Number of consolidated companies (including parent company)	653	556	540	680	634
Number of associated companies under the equity method	71	139	182	232	114

	2007	2008	2009	2010	2011
Per share data (Yen)					
Net income (loss) attributable to Panasonic Corporation per common share					
Basic	99.50	132.90	(182.25)	(49.97)	35.75
Diluted	99.50	132.90	(182.25)	—	—
Dividends declared per share	30.00	35.00	30.00	10.00	10.00
Panasonic Corporation shareholders' equity per share	1,824.89	1,781.11	1,344.50	1,348.63	1,236.05
Ratios (%)					
Operating profit/sales	5.0	5.7	0.9	2.6	3.5
Income (loss) before income taxes/sales	4.8	4.8	(4.9)	(0.4)	2.1
Net income (loss) attributable to Panasonic Corporation/sales	2.4	3.1	(4.9)	(1.4)	0.9
ROE	5.6	7.4	(11.8)	(3.7)	2.8
Panasonic Corporation shareholders' equity/total assets	49.6	50.3	43.5	33.4	32.7
Payout ratio	30.2	26.3	—	—	28.0

Notes: 1. The Company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).
2. Dividends per share reflect those declared by Panasonic in each fiscal year and consist of interim dividends paid during the fiscal year and year-end dividends paid after the fiscal year-end.
3. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit, a non-GAAP measure, is presented as net sales less cost of sales and selling, general and administrative expenses. The Company believes that this is useful to investors in comparing the Company's financial results with those of other Japanese companies. See the consolidated statements of operations on page 50.
4. Diluted net income (loss) attributable to Panasonic Corporation per common share for fiscal 2010 and fiscal 2011 have been omitted because the Company did not have potential common shares that were outstanding for the period.

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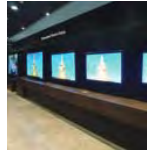
Securing a Foothold in India, a Market of Enormous Potential

India, having the world's second largest population with 1.2 billion people, continues on the path of steady growth backed by robust domestic demand. Recognizing this potential, Panasonic strongly feels that there is no genuine global growth without growth in the Indian market. Hence, we have begun earnest efforts to fully develop this huge market.

In addition to building a product planning structure mainly comprising local employees and launching a series of new products aimed specifically at satisfying local needs, Panasonic is proactively developing a nationwide sales network and placing considerable emphasis on advertising and promotion. The Company's aim is to become the No. 1 brand for consumers in India.

Establishing Showrooms in Two Metropolitan Cities

Panasonic showcases a wide range of consumer products for an ideal lifestyle at the Panasonic Experience Center in the National Capital Region of Delhi, and also introduces its corporate philosophy. The 2nd Panasonic Experience Center is in Mumbai, India's commercial capital, and provides a display of industry-focused Business-to-Business products. Both showrooms help strongly promote the Company's business and activities.



Engaging Major Celebrities for Advertising and Promotion

Panasonic is carrying out extensive measures to showcase the appeal of its products, and has launched major TV and mass media campaigns featuring leading Bollywood stars (Indian Film Industry actors and actresses) as well as famous sports personalities from cricket, the most popular sport in India, and soccer.



Establishing a Brandshop Network

Panasonic is putting forth product proposals that best fit the Indian lifestyle through a network of approximately 110 exclusive stores in addition to strengthening our presence and expanding our product display at leading dealers and mass merchandisers.



32-inch LCD TV Sound for India



Split air-conditioner CUBE

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Eco Home Appliances Proving Popular in Europe

Panasonic introduced refrigerators and washing machines under the banner of its "European Market-Entry of White-Goods Project" in March 2009. Since then, the Company has continued to develop products that satisfy local needs focusing particularly on eco-conscious, universal design and innovation.

In fiscal 2011, Panasonic released several new products with enhanced energy-saving performance, and as a result, sales of refrigerators and washing machines were favorable.

Looking ahead, the Company will upgrade and expand its product lineup placing considerable weight on designs and specifications that truly reflect the lifestyles of each local market.

Balancing Environmental and Technology Concerns

In Europe, where consumers have a high level of environmental awareness, energy-saving performance continues to attract significant attention. In delivering increased energy efficiency, Panasonic's fiscal 2011 refrigerator and washing machine models contributed significantly to increasing sales.



Conducting New Product Presentations

New product presentations were held during February and March 2011 mainly for the benefit of dealers throughout Europe and the media. Presentations were distinguished by their lively information exchange and negotiation.



Refrigerator equipped with wine bottle holders

Drum-type washing machine

Paper pack vacuum cleaner

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Solar Photovoltaic Systems that Realize High Conversion Efficiency

In response to high demand in Japan, the Panasonic Group released a home solar photovoltaic system that employs HIT[®] photovoltaic modules that provide energy conversion efficiency* of 17.9% (nominal maximum output of 230 W/module). This home solar photovoltaic system is a major pillar of the Panasonic Home Energy Solution that encompasses energy management for the entire home.

Every effort is being made to ensure wider spread use, utilizing in full home appliance, home-related and other sales channels.

* The ratio of electric energy generated by a solar cell/module to the light energy irradiated into the cell/module.

The HIT[®] series

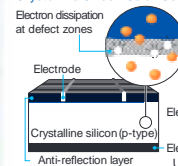
ECO management system control panel

Monitoring using a VIERA television

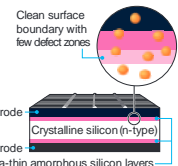
Realizing High Efficiency Using a Proprietary Hybrid Structure

Utilizing a proprietary hybrid structure that sandwiches the thin single crystalline silicon wafer with ultra-thin amorphous silicon layers that boast low levels of impurities, the Panasonic Group has reduced power generation loss and realized high energy conversion efficiency.

Structure of Conventional Crystalline Silicon Solar Cell



Structure of the HIT[®] Solar Cell



Energy Management through an Easy-to-Understand Screen

The newly released ECO Management System helps visualize the amount of electricity, gas, and water consumed. This new innovation realizes complete home energy management.



Lifestyles Free from the Wasteful Use of Energy

Increased energy-saving efficiency can be achieved through the use of such environmentally-conscious products as Eco Cute and induction heating (IH) cooking equipment in combination with solar photovoltaic systems.



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Beauty and Health Offerings in the China Market

In line with the nation's economic growth, the people of China are beginning to show a growing interest in beauty and health.

Driven by its concept of Panasonic Beauty—the busier you are, the more beautiful you get—the Company is actively engaged in the promotion and sale of beauty-and-health-related appliances.

In fiscal 2011, Panasonic held over 200 Beauty and Health road shows at department stores, mass merchandisers and shopping malls in most major cities throughout China allowing customers to experience its lineup of products.

Targeting this enormous market that carries 1.3 billion consumers, Panasonic is endeavoring to establish a beauty-and-health-related appliance brand that offers unparalleled satisfaction.

A Popular Actress as the Face of the Company's Promotional Campaign

Dong Jie, a leading Chinese actress, has been selected as the face of the Company's promotional campaign in China. Based on the catchphrase that the busier you are, the more beautiful you get, every effort is being made to showcase the appeal of the Company's products.



City Jack Marketing Campaign

Panasonic is promoting a broad-based advertising campaign utilizing various media including TV commercials and outdoor billboards as well as bus and online advertising in approximately 10 cities including Anshan and Kunming. The Company plans to continue holding Beauty and Health road shows.



A Growing Store Network

Sales channels mainly comprise department and mass merchandising stores. In fiscal 2011, approximately 3,600 stores handled the Company's products. This number is projected to increase to around 5,000 stores in fiscal 2012.



Real Pro massage chair

Hair dryers with nano-e particles

Ionic steamer with nano-e particles

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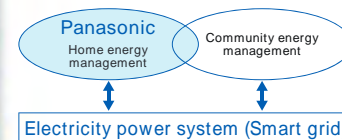
Participating in the Tianjin Eco-City Project, a Proposed Home to 350,000 Residents in 2020

China's urban population continues to expand by 12 million each year, substantially increasing electric power consumption. Responding to this issue, the Chinese government is currently promoting the construction of 13 eco-cities with plans to expand this number to 100 in the future.

Taking a pioneering step, Panasonic is participating in the Sino-Singapore Tianjin Eco-City Project. A by-product of this participation is to build on the know-how and experience gained to secure new orders in other projects and areas.

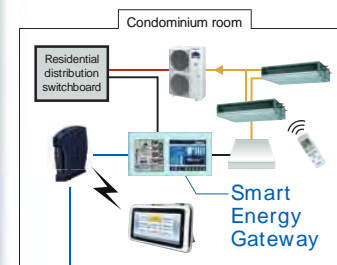
Integrating Home and Regional Energy Management

Panasonic has developed a home energy management system, combining its know-how on energy creation, storage and saving. Linking with a community energy management system, it enables optimal energy use across the entire town.



Linking Residences and Cities through Smart Energy Gateways

Energy use is managed for all rooms in a condominium unit. Visualization of energy consumption, energy saving control and energy saving advice are realized by linking up with community power information through SEGs.



Channeled to a community
energy management center

Home energy monitor

Multi air conditioning
systemTotal heat
exchange systemStore management system,
Landscape LED lighting

Area management system

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To Our Stakeholders

The Panasonic Group would like to offer its heartfelt condolences to the families of those who perished in the Great East Japan Earthquake on March 11, 2011, and its deepest sympathies to those who continue to suffer.

With numerous bases located in each of the devastated areas, the Group sincerely apologizes for any anxiety it may have caused stakeholders. In the immediate aftermath of the disaster, every effort was made to bring about a resumption of operations. With the support of all concerned, business activities had recommenced either partially or in full at all production facilities by the end of April 2011. Moving forward, the Group will continue to pursue a complete return to full-scale operations while contributing to the earliest possible restoration and reconstruction of devastated areas.

At this juncture, the Panasonic Group is undergoing a major transformation.

The Group has adopted the overarching vision of becoming the No. 1 Green Innovation Company in the Electronics Industry, up to its 100th anniversary in 2018. As the first step toward this vision, Panasonic is devoting itself over the next three years to carrying out its midterm management plan, called Green Transformation 2012 (GT12). Under GT12,

every emphasis will be placed on shifting the Group's paradigm for growth and laying the foundation to be a Green Innovation Company. In overall terms, Panasonic is striving to become a company filled with growth potential. In order to accelerate the pace of maximizing synergy, Panasonic Electric Works Co., Ltd. (PEW) and SANYO Electric Co., Ltd. (SANYO) became wholly owned subsidiaries of the Company on April 1, 2011. Again, moving forward, the Company will pursue Group-wide reorganization guided by the three core principles of maximizing value creation by strengthening contacts with customers, having speedy and lean management and accelerating growth businesses by boldly shifting management resources. Accordingly, the Group will significantly ramp up the pace of growth strategy implementation under its new organizational structure from January 2012.

Based on these reform measures, Panasonic will build optimum business models for each business field while striving for global growth. As we work steadily toward achieving these goals, we kindly request the continued support and understanding of all stakeholders.

July 2011

Kunio Nakamura, Chairman (Left)

Fumio Ohtsubo, President (Right)

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Message from the President

Overview of Fiscal 2011 Results

Achieved double-digit sales growth both in and outside Japan; secured a return to net income attributable to Panasonic Corporation for the first time in three years

Consolidated net sales improved 17% compared with fiscal 2010 to 8,692.7 billion yen in fiscal 2011. This was due mainly to the consolidation of SANYO and its subsidiaries and double-digit sales growth*¹ in all regions both in and outside Japan.

Overseas sales were particularly robust in such emerging countries as BRICs+V and MINTs+B*², positioned as countries of considerable significance and serving as an engine driving overall growth. Sales in Japan of consumer products reached an all-time high, due mainly to the favorable conditions generated by the Japanese government's "eco-point" subsidy program.

From a profit perspective, operating profit amounted to 305.3 billion yen, a significant year-on-year improvement of 114.8 billion yen. This reflected the positive flow-on effect of sales growth and successful efforts to streamline material costs. Accounting for these factors, the operating profit to sales ratio increased 0.9% to 3.5%. In fiscal 2011, the Group brought forward several business and organizational restructuring measures. As a result, business restructuring expenses totaled 80.4 billion yen, surpassing estimates identified at the beginning of the period. Compared with fiscal 2010, however, business restructuring expenses decreased 64.1 billion yen translating to a considerable improvement in other deductions. Taking the aforementioned into consideration, income before income taxes amounted to 178.8 billion yen, a year-on-year turnaround of 208.1 billion yen. After incurring a net loss in fiscal 2010, Panasonic recorded a positive about-face of 177.5 billion yen. Returning to the black for the first time since

fiscal 2008, net income attributable to Panasonic Corporation came to 74.0 billion yen.

Despite the burdens imposed by the severe business condition and in particular foreign currency exchange losses due mainly to persistent appreciation of the yen, the sharp rise in raw materials costs and the impact of the March 2011 earthquake*³, we believe fiscal 2011 was a year of certain accomplishment and results.

*¹ Consolidated net sales in fiscal 2010 included the operating results of SANYO and its subsidiaries for the three-month period (January to March) only. Consolidated net sales for fiscal 2011, on the other hand, include the operating results of SANYO and its subsidiaries for the full fiscal year (April 2010 to March 2011).

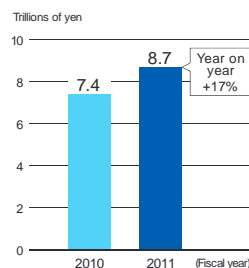
*² BRICs+V: Brazil, Russia, India, China and Vietnam; MINTs+B: Mexico, Indonesia, Nigeria, Turkey, Saudi Arabia and the Balkans

*³ The negative impact of the Great East Japan Earthquake that occurred in the fourth quarter of fiscal 2011 on net sales, operating profit, income before income taxes and net income attributable to Panasonic Corporation are estimated at 70.0 billion yen, 21.0 billion yen, 30.2 billion yen and 19.0 billion yen, respectively.

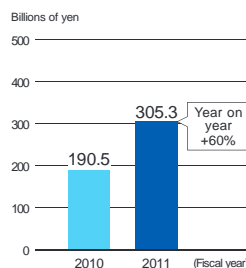
Fumio Ohtsubo, President

In an effort to provide readers with a deeper understanding of the Company, I would like to provide an overview of our results in fiscal 2011, the period from April 1, 2010 to March 31, 2011, an outline of our progress under GT12, the Group's midterm management plan, details of the Group's reorganization and new growth strategies, key initiatives earmarked for fiscal 2012 and additional pertinent information.

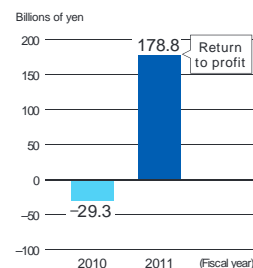
Net Sales



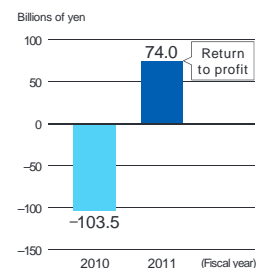
Operating Profit



Income (Loss) Before Income Taxes



Net Income (Loss) Attributable to Panasonic Corporation



Impact of the Earthquake and Restoration Efforts

While continuing to support devastated areas, Panasonic is contributing to reconstruction efforts through its products and business activities

Several of the Company's production bases were damaged in the earthquake. All plants, however, have resumed operations either partially or in full. From a supply chain perspective, the after-effects of the earthquake continue to create difficulties. Despite ongoing efforts to move forward, restrictions in the use of electric power as well as measures aimed at detecting radiation contamination are a cause for concern.

In the wake of the earthquake, the Panasonic Group is channeling its resources toward the many restoration and reconstruction matters that require its attention.

In the hours and days that immediately followed the disaster, the Group forwarded

donations as well as relief packages including radios, dry batteries and flashlights. In addition to the ongoing flow of donations from the Group's employees worldwide, the Group will continue to support affected areas in every way possible.

Turning to the Group's mainstay activities, every effort is being made to address those pending issues that impede an immediate and full recovery. These include a review of the Group's procurement strategies as well as measures aimed at offsetting restrictions in the use of electric power. Working to eliminate future risk, we are overhauling the disaster prevention measures at core operating locations while looking to rebuild the Group's global base strategy. With an eye to the bottom line, Panasonic is also promoting reductions in operating overheads and investments commensurate with fluctuations in sales caused by the earthquake.

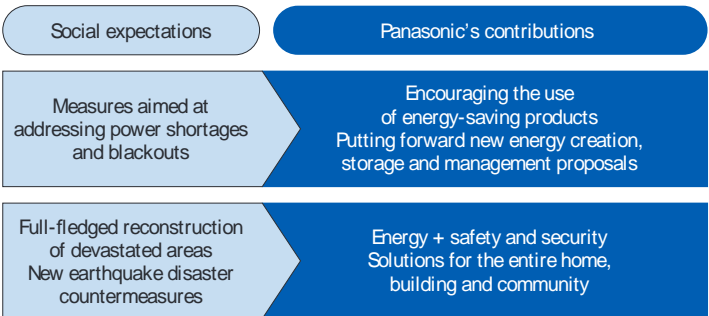
Panasonic recognizes, however, that its most important obligation is to ensure a complete and prompt recovery of its core operations. Only through its products and business activities can the Group hope to genuinely contribute to reconstruction efforts. This focus on mainstay activities will also help contain the damage to performance and results. In response to projected shortfalls in the supply of electric power as well as the high probability of rolling blackouts, the Panasonic Group will adopt a more proactive stance toward the development and increased use of new model energy-saving products while at the same time putting forward proposals regarding energy creation, storage and management. In addition to maintaining its

focus on energy in combination with safety and security, Panasonic is committed to taking a leading role in delivering its unique solutions that encompass the entire home, building and society. In putting forward comprehensive solutions that only Panasonic can provide, the Company is better placed to contribute to full-fledged reconstruction.

As an entity that strives to become a Green Innovation Company, Panasonic's mission is to advance new concepts regarding the life and image of society. While working to contribute to affected areas, the Company maintains an eye on the global community. Putting into practice the management

philosophy outlined under our basic management objective, we recognize our responsibilities as industrialists, and devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world.

Chart 1 Toward Building a New Social Infrastructure



Putting into practice the Green Innovation Company concept and putting forward proposals globally



Progress Under GT12 and Pending Issues

While a certain level of progress has been achieved, a majority of issues have been carried over and remain pending

Based on the Group's performance in fiscal 2011, progress under GT12 was sound without being spectacular. Looking at the Group's fiscal 2013 management goals and particularly the aspect of growth, there is still much to be achieved. While operating profit to sales ratio, free cash flow and CO₂ emission reduction results exceeded plans, net sales and ROE fell short of their targets.

In charting the Group's progress and ability to pursue the three paradigm shift themes, which are core themes of GT12, against established transformation indexes, successful efforts have been made to expand two of the Group's six key businesses. While steady growth was achieved in the heating/refrigeration/air conditioning and LED businesses, results in each of the energy systems, network AV, healthcare and security businesses fell below fiscal 2010. In overall terms, aggregate sales of the six businesses combined remained flat on a year-on-year basis.

Turning next to the second facet of the Group's paradigm shift for growth from Japan-oriented to globally-oriented businesses, sales in emerging countries were up 20% compared with fiscal 2010. Despite this substantial improvement, the overseas sales ratio was essentially unchanged. This was mainly attributable to the impact of exchange rate fluctuation and a slump in North America.

Moreover, in shifting toward a solutions and systems business orientation, Panasonic recorded a certain level of results in systems and equipment businesses. However, the overseas sales ratio remained flat.

While acknowledging positive results in certain businesses and regions, the Group failed to secure dramatic improvements in new business fields and overseas sales. Accordingly, we were unable to meet plans from a paradigm shift perspective.

Despite our efforts over the past several years, it is clear that we are yet to break free from an extended period of low growth. On this basis, we recognize that many issues remain pending to be carried over into the second and third years of GT12.

Chart 2 Progress in Achieving GT12 Group Management Goals

	FY2011 Results	YoY Difference	FY2013 Goals
Sales	¥8,692.7 billion	+17% <+1% ^{*1}	¥9.4 trillion
Operating profit (ratio)	¥305.3 billion (3.5%)	+¥114.8 billion	(5% or more)
ROE	2.8%	—	10%
Free cash flow	¥266.3 billion	+¥67.6 billion	Three year cumulative ¥800.0 billion or more
CO ₂ emission reduction	(vs FY2006 ^{*2}) 35.18 million tons	(vs Plan) +4.92 million tons	(vs FY2006 ^{*2}) 50.00 million tons

^{*1} Data in parentheses is an actual comparison with FY2010 including SANYO results.

^{*2} Reduction compared with the estimated amount of emissions in fiscal 2013 assuming that no remedial measures were taken since fiscal 2006

Chart 3 Transformation Indexes

	Indexes	FY2011 Results	YoY ^{*3}	FY2013 Goals
New Business Fields	Sales ratio of the six key businesses ^{*1}	35%	±0%	42%
	Sales of the energy systems business	¥550.8 billion	-2%	¥850.0 billion
Overseas	Sales in emerging countries ^{*2}	¥505.1 billion	+20%	¥770.0 billion
	Overseas sales ratio	48%	±0%	55%
Solutions & Systems	Sales of the systems & equipment business	¥2,271.8 billion	+2%	¥2,600.0 billion
	Overseas sales ratio for the systems & equipment business	32%	+1%	39%

^{*1} Six key businesses: energy systems, heating/refrigeration/air conditioning, network AV, healthcare and security

^{*2} BRICs+V and MINTS+B Panasonic consumer and system sales (YoY comparison on a local currency basis)

^{*3} Figures for FY2010 include annual sales figures for SANYO (excluding sales in emerging countries).

Group Reorganization and New Growth Strategy

Maximizing the Group's potential through business reorganization while striving for genuine transformation

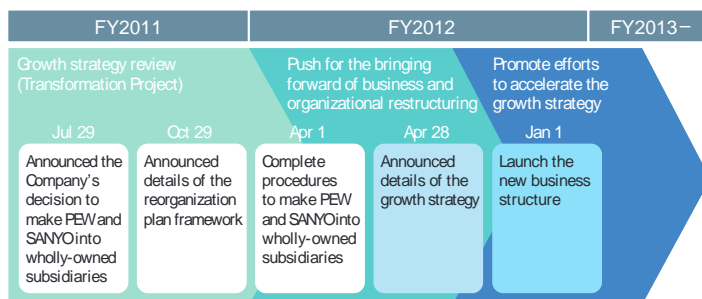
Under these circumstances, Panasonic is currently undergoing a major transformation. A substantial component of this transformation is the inclusion of PEW and SANYO as wholly-owned subsidiaries of the Company. With this as our base, we are reorganizing the Group's overall structure while promoting a new growth strategy. As a company that takes full advantage of its global competitive advantage, and with a vision that looks to the 100th anniversary of the Company's founding in 1918, Panasonic will put in place a new structure that is capable of becoming the No. 1 Green Innovation Company in the Electronics Industry as quickly as possible. Moving forward individual businesses and the Group as a whole will then ramp up the pace of growth strategy implementation.



The Group's Reorganization Plan and Goals Immediately following the announcement in July 2010 that PEW and SANYO would be made into the Company's wholly-owned subsidiaries, Panasonic launched the Transformation Project taking steps to consider and assess reorganization details and the introduction of a new growth strategy. The Company has adopted three basic concepts that collectively underpin its plans for reorganization: to maximize value creation by strengthening contacts with customers; to realize speedy and lean management; and, to accelerate growth businesses by boldly shifting management resources. Guided by these basic concepts, we will reorganize all of our businesses in an effort to accelerate and maximize synergies. (Please refer to the Special Feature: Group Strategies from page 17 for details). Our existing five business segments of Digital AVC Networks, Home Appliances, PEW and PanaHome, Components and Devices, and SANYO will be reorganized to reflect customers' perspectives. In specific terms, existing business segment will be reorganized into the three business sectors of Consumer, Components & Devices and Solutions by business model.

Complementing these efforts to build an optimal structure, we will look to reform our head office and businesses. This will entail large-scale Group-wide reorganization including restructuring operating sites as well as relocating personnel. After the reorganization, our workforce is projected to fall from 385,000 to 350,000 level. Reflecting the substantial scale of business restructuring proposed, related structural reform expenses for the fiscal 2012

Chart 4 Group Reorganization Schedule



Making Two Companies into Wholly-Owned Subsidiaries and the Group's Financial Policy

PEW and SANYO became wholly-owned subsidiaries of the Company by way of tender offers and, thereafter, share exchanges on April 1, 2011. In the lead up to the tender offers, short-term liabilities increased due to the issue of commercial paper* and other factors. In order to reorganize its debt maturity profile and extend repayment schedules over longer terms, the Company issued unsecured straight bonds to a value of 500.0 billion yen in March 2011. In this manner, Panasonic took steps to enhance the stability of its financial position, which serves as both the backbone behind the Group's business and organizational restructuring efforts and the driving force for realizing Group-wide growth.

To expeditiously implement strategic investment, research and development, and

business restructuring in any environment, Panasonic will strive for a thorough reinforcement of management based on its own funds that focuses on cash flows, and aims to enhance return on capital and maintain financial soundness.

* Electronic commercial paper (short-term bonds) for the purpose of securing short-term funds



Announcement of agreements toward Panasonic's acquisition of all shares of PEW and SANYO on July 29, 2010

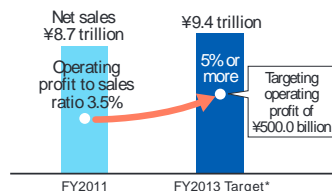
and fiscal 2013 periods is expected to reach 160.0 billion yen in total.

Conversely, in integrating the three companies, Panasonic is forecast to reap the synergy benefits. Looking ahead, earnings are anticipated to rise with operating profit in fiscal 2012 and fiscal 2013 totaling 6.0 billion yen and 60.0 billion yen, respectively.

Taking into consideration the yen's forecast ongoing appreciation and the Transformation Project that was launched in the period following GT12 formulation, Panasonic has established a fiscal 2013 net sales target of 9.4 trillion yen and will work toward achieving this performance goal. From a profit perspective, the Group is expected to benefit from the synergy effects generated following reorganization. On this basis, we will continue to target the operating profit to sales ratio and operating profit goals initially established of 5% or more and 500.0 billion yen, respectively.

Sales and Operating Profit Targets

Toward an operating profit to sales ratio of 5% or more (including exchange rate effects)



* Exchange rate assumptions
GT12 ¥90/\$ ¥120/€
As of April 28, 2011 ¥80/\$ ¥110/€

Key Initiatives in Fiscal 2012

Placing every emphasis on two key initiatives that entail decisive action and change

Proactively target priority markets

In fiscal 2012, Panasonic will adopt a more aggressive approach toward growth markets and fields.

Emerging countries are a prime example of growth markets. We will place particular emphasis on securing increased growth in such priority countries as BRICs+V and MINTS+B. In India, Panasonic is entering the second year of a project aimed at significantly expanding sales. Looking ahead, we will redouble our efforts in promoting this project. The Company has taken considerable strides in developing businesses that are deeply rooted in the local community. In addition to bolstering its product lineup, Panasonic has upgraded and expanded its marketing structure and systems while opening product showrooms targeting the commercial market. Based on these endeavors the Company plans to achieve sales in India of 100.0 billion yen in fiscal 2012. Plans are then in place to ensure a natural progression to 200.0 billion yen in fiscal 2013.

Panasonic is targeting consumer and systems product sales in BRICs+V and MINTS+B of 615.0 billion yen in fiscal 2012. This would represent a 27% improvement compared with fiscal 2011. The Company will make every effort to achieve this target and to realize net sales in emerging countries of 770.0 billion yen and an overseas sales ratio of 55% during the period of the GT12.

Acting Decisively in Growth Fields

Panasonic will proactively target new growth fields and act decisively in securing market share. To this end, the Company will continue to promote and strengthen its six key businesses positioned as growth fields under GT12.

In the components and device business, for example, we will accelerate growth by focusing on devices that take full advantage of rapid expansion in the smart phone market. Particular emphasis will be given to increasing our high-density any layer interstitial via hole (ALIVH) circuit board production capacity. At the same time, we will proactively pursue opportunities for growth. Among a host of measures, this will include forming strategic alliances.

In next-generation lighting, the potential for the market to polarize in the not too distant future is attracting attention. With a clear distinction drawn between LED and organic EL lighting, we established Panasonic Idemitsu OLED Lighting Co., Ltd. in an attempt to get the jump on its rivals, with Idemitsu Kosan Co., Ltd. on April 12, 2011.

Turning to its energy device activities, Panasonic will place considerable weight on the solar business. In addition to the supply of products and services that help reconstruct the nation after the Great East Japan Earthquake, we will pursue alliances with electric and gas companies in Europe and the U.S. while strengthening our system proposal capabilities. Overall, Panasonic will aim for sales in the solar business of 150.0 billion yen in fiscal 2012.

In the environmental engineering business,

Panasonic will propose comprehensive solutions for the entire factory to address the environmental challenges that factories face today. This includes water purification system proposals that leverage filtration membrane technologies originally developed by SANYO, and energy-saving support services that encompass consultations for creating and saving energy from factory infrastructure. Through initiatives that cover the entire factory, Panasonic plans to generate sales of 37.0 billion yen in fiscal 2012 from this business.

Through decisive action in growth fields, the onus is on the Company to achieve the target of GT12, raising the ratio of its six priority business sales to 42%.

Changing Product Development

Another key initiative entails change. Panasonic has established the Group Management Innovation Division in order to consolidate its wide-ranging innovation activities and accelerate implementation.

A major component of its reform endeavors entails changing the Company's stance toward product development. We will strengthen our efforts in the development of products that can excel in the global consumer electronics market as well as energy-saving and recycling-oriented products that incorporate eco-conscious design. While promoting products that both contribute to the environment and generate business growth, Panasonic is endeavoring to ensure a constant stream of new products that embody the Company's essence and spirit.

Changing the Company's Business Structure

Panasonic will pursue bold reform measures in businesses that continue to pose challenges and issues.

Against the backdrop of an increasingly competitive global environment, the Company's flat-panel TVs business is experiencing a drop in profitability. In an effort to improve profitability, we will increase purchases of Liquid Crystal Display (LCD) panels from outside vendors, transfer the production line of our third domestic Plasma Display Panel (PDP) plant to China, freeze new investment and streamline assets. At the same time, we will focus on panel sizes, adopting an inch-size strategy where we can give full play to our competitive advantage in flat panels with the aim of improving production efficiency. For TV sets, Panasonic will concentrate on improving profitability by introducing TVs with distinctive features while stepping up production overseas.

In order to change the existing system LSI-oriented business model regarding the semiconductor business, Panasonic will look toward shifting its development resources. While striving to increase efficiencies in system LSI development, we will shift resources to the environment, energy and network AV businesses. At the same time, we will ramp up efforts to cultivate new customers by consolidating the development, production and sales functions and accelerate and optimize production by selecting best-fit production sites. Through these means, Panasonic will ensure the necessary reforms to establish a robust and independent components and devices business.

Changing the Company's Management Structure

Panasonic is promoting change in its management structure on a Group-wide basis.

While progress was made during fiscal 2011 to improve profit margins, profitability remains low and net cash* negative. Bolstering our management structure is an absolute imperative and we will take concrete steps in this area.

As one measure, Panasonic will focus on the reduction of fixed costs. Through various initiatives including efforts to generate higher productivity and restructure operating sites, we will lower the breakeven point by 4% over the next two years. Another measure entails cash generation. Every effort will be made to reduce inventory and implement such measures as the sale of capital holdings and assets. Moving forward, Panasonic is committed to securing positive net cash in fiscal 2013.

* Net cash is calculated by deducting bonds and debt from financial assets on hand, such as cash and deposits, and marketable securities.

Returning Profits to Shareholders

Taking into consideration the Company's policy for returning profits to shareholders with the need to bolster its financial position, Panasonic has declared an annual dividend of 10 yen per share

Since its foundation, Panasonic has managed its businesses under the concept that returning profits to shareholders is one of its most important policies. Accordingly, the Company has implemented proactive and comprehensive measures in this regard. Taking into consideration return on the capital investment made by shareholders, Panasonic, in principle, distributes returns to shareholders based on its business performance. In this context, the Company is aiming for stable and continuous growth in dividends, targeting a consolidated dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation.

While the Company successfully secured a return to net income attributable to Panasonic Corporation of 74.0 billion yen in fiscal 2011 after incurring a loss of 103.5 billion yen in fiscal 2010, Panasonic remains cognizant of the need to bolster its financial position as it pursues Group-wide business reorganization. Based on the aforementioned collective policy of returning profits to shareholders while bolstering its financial position, Panasonic has declared an annual dividend of 10 yen per share comprising the interim dividend of 5 yen per share paid on November 30, 2010 and a fiscal year-end dividend of 5 yen per share.



Toward Further Improvements in Performance

Looking at prospects throughout fiscal 2012, emerging markets are projected to enjoy ongoing high rates of growth while Europe and the U.S. will also experience moderate expansion. While recognizing there remains little room for complacency due mainly to the impact of the Great East Japan Earthquake, Panasonic will adopt a more proactive approach commensurate with forecast growth in global markets. Returning to the recent disaster that devastated Japan, the Company will also take positive steps toward contributing further to reconstruction and recovery.

As we launch a new business structure from January 2012, we will work diligently to further improve the Group's performance by implementing a new growth strategy. Endeavoring to return profits to shareholders and investors, we ask for your continued support and understanding.

Financial Highlights	Highlights	Top Message	Group Strategies	Segment Information	R&D	Design	Intellectual Property	Corporate Governance	Financial and Corporate Data
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☒ Group Reorganization and New Growth Strategies

☐ Three Business Sector Strategies and Fiscal 2013 Objectives

☐ The Head Office Structure and Brand Strategy after Reorganization

Special Feature: Group Strategies

Group Reorganization and New Growth Strategies

Mobilizing the collective strengths of the Group to embark on a new phase of growth

Evolving into a corporate group that maximizes synergies

Taking a First Step under a New Business Structure in January 2012 toward Three Customer-Oriented Business Sectors

Together with PEW and SANYO, which became wholly-owned subsidiaries of Panasonic, the Company is undertaking a reorganization of the entire Group to embark on the next phase of its evolution under a new business structure from January 2012.

The Group's reorganization is grounded in the three fundamental concepts of maximizing value by strengthening contacts with customers, realizing speedy and lean management, and accelerating growth businesses by boldly shifting management

resources. From a Group structure that currently consists of five business segments based on a common technology platform, Panasonic will shift through a process of reorganization to a structure that places customers' perspectives at the heart of three business sectors, based on a business model. In these three business sectors, the Group will establish nine business domain companies and a marketing division. While building an optimum business model for each business sector, every effort will be made to maximize Group synergies.

Generating Synergy Effects through a New Growth Strategy and Structural Reforms

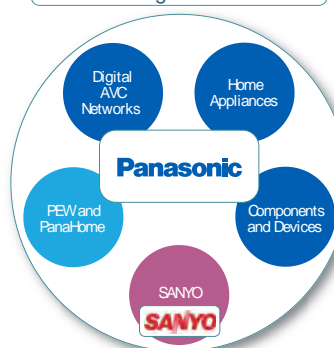
After completing the reorganization process, steps will be taken to put in place an optimum business model for each business sector. Each business domain company will then be charged with the responsibility of implementing autonomous management on a global basis. While thoroughly strengthening each business, considerable weight will be placed on drawing out those comprehensive capabilities unique to the Panasonic Group. This in turn will help maximize the Group's potential.

As a part of the reorganization process, Panasonic has factored in structural reform expenses totaling 110.0 billion yen in fiscal 2012. After offsetting the projected drop in sales attributable to business duplication elimination with the positive effects of rationalization and structural reform,

synergies of 6.0 billion yen in operating profit is forecasted. Positioning fiscal 2013 as the year in which the new organizational structure will get on track, the Group expects structural reform expenses of 50.0 billion yen. At the same time, synergies of 60.0 billion yen in operating profit are anticipated mainly from the increase in sales of solar cells, lithium-ion batteries, LED, air conditioning and related products as well as restructuring benefits.

In implementing its new growth strategy and structural reforms aimed at creating an optimal structure, the Group is slated to undergo major transformation. In fiscal 2013, the three business sectors are each projected to generate sales in excess of 3.0 trillion yen becoming a dynamic and formidable force.

Existing Structure



Number of employees: **385,000** level
(as of March 31, 2010)
(Japan: 153,000; Overseas: 232,000)

Five business segments by technology platform

Digital AVC Networks

AVC Networks Company/ System Networks Company
Panasonic Mobile Communications Co., Ltd.
Automotive Systems Company
Panasonic Healthcare Co., Ltd.

Home Appliances

Home Appliances Company/ Lighting Company
Panasonic Ecology Systems Co., Ltd.

PEW and Panel-home

Panasonic Electric Works Co., Ltd./ Panel-home Corporation

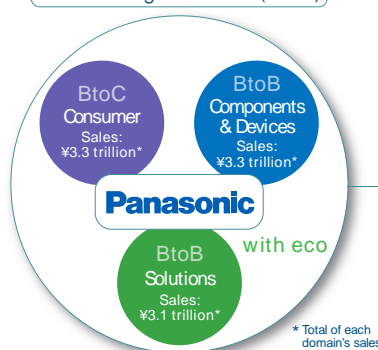
Components and Devices

Semiconductor Company
Panasonic Electronic Devices Co., Ltd.
Energy Company

SANYO

SANYO Electric Co., Ltd.

Post Reorganization (2012)



Number of employees: **350,000** level
(as of March 31, 2013)

Three business sectors by business model Nine business domain companies and one marketing division

The Consumer Business Sector

AVC Networks
Heating/Refrigeration/Air Conditioning & Home Appliances
Global Consumer Marketing

The Components & Devices Business Sector

Automotive Systems
Components & Devices
Energy Devices

The Solutions Business Sector

Systems & Communications
Environment & Energy Solutions
Healthcare & Medical Solutions
Factory Solutions

Note: Post reorganization domain company names are provisional.

* Total of each domain's sales

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Three Business Sector Strategies and Fiscal 2013 Objectives

The Consumer Business Sector

In AVC Networks, Panasonic will cultivate new markets by bolstering easy-to-use network connectable products that fit every possible daily life scene while at the same time generating synergies with SANYO. In addition, AVC Networks will shift development and production to emerging countries to tap into inherent local demand growth and further fortify high-volume segment products. In Heating/Refrigeration/Air Conditioning & Home Appliances, Panasonic will focus on expanding global sales by generating demand for products tailored to regional characteristics,

increasing the ratio of overseas white goods sales to total sales and boosting overseas sales of small kitchen appliances as well as personal and healthcare products. Capitalizing on SANYO's strengths, Heating/Refrigeration/Air Conditioning & Home Appliances will also boost its BtoB business activities beginning with large-sized air conditioners. Furthermore, steps will be taken to boost planning and marketing in each region. Through close-knit communication and collaboration, Panasonic will secure a dominant position amid fierce global competition.

The Components & Devices Business Sector

In Automotive Systems, the Company will increase sales of high-volume segment products focusing on the multi-media field for new vehicles. At the same time, Panasonic will secure an overwhelming top share in the domestic car navigation systems market further boosting sales. With an eye to the worldwide market, Panasonic will offer products globally in Components & Devices to areas where fast-paced growth is expected, such as the environment and energy fields and smart phones. The Company will

endeavor to secure high growth and profitability. In Energy Devices, Panasonic will complement efforts to strengthen its cost competitive edge by shifting production of lithium-ion batteries to China and promoting optimal procurement with cutbacks in production costs of its HIT[®] solar cells in the solar photovoltaic systems business. Together with these initiatives Panasonic will augment its solar cell product lineup by outsourcing polycrystalline solar modules further contributing to the Group as a growth engine.

The Solutions Business Sector

In Systems & Communications, Panasonic will strengthen activities in the security and communication fields, and accelerate sales growth to global customers. In Environment & Energy Solutions, the Company will expand the lighting business by significantly enhancing its lineup of LED products. As a comprehensive solutions company, Panasonic will promote sales of a wide range of Group-wide products targeting stores and other outlets. Through solutions that link cross-sectional product sales to repair,

maintenance and other services, the Company will work to create new businesses. In Healthcare & Medical Solutions, Panasonic will develop such growth businesses as in-hospital work assistance, early diagnosis and home healthcare. In addition to exploring new business opportunities in the production process area, the Company will actively inject resources into emerging regions and expand existing businesses through sales partnerships in North America in Factory Solutions.

Business Sector/
Business Domain Company Name Objectives

The Consumer Business Sector	<ul style="list-style-type: none"> Ensure that individual regional needs are accurately reflected in product development through robust marketing capabilities Deliver optimal products to each region in a timely and highly cost competitive manner 	
AVC Networks	Expand AVC Network products, synergy creation and business platforms in emerging regions	Sales: ¥2.1 trillion or more (up 13% compared with fiscal 2011); operating profit to sales ratio: up 3.9% compared with fiscal 2011
Heating/Refrigeration/Air Conditioning & Home Appliances	Become the No. 1 Green Innovation Company in the home appliances business	Sales: ¥1.2 trillion or more (down 6% compared with fiscal 2011); operating profit to sales ratio: up 2.5% compared with fiscal 2011
Global Consumer Marketing	Expand sales through market-oriented product planning and increased marketing activities	

Business Sector/
Business Domain Company Name Objectives

The Components & Devices Business Sector	<ul style="list-style-type: none"> Put forward proposals that preempt inherent customer needs by integrating the marketing and R&D functions Expand individual businesses independent from internal demand 	
Automotive Systems	Contribute to the creation of a new motoring society through electronics	Sales: ¥0.7 trillion level (up 5% compared with fiscal 2011)
Components & Devices	Become the global No. 1 in the components & devices industry	Sales: ¥1.8 trillion or more (up 17% compared with fiscal 2011)
Energy Devices	Contribute to becoming a Green Innovation Company as a Group growth engine	Sales: ¥760.0 billion or more (up 15% compared with fiscal 2011) Operating profit to sales ratio: up 1.6% compared with fiscal 2011

Business Sector/
Business Domain Company Name Objectives

The Solutions Business Sector	<ul style="list-style-type: none"> Uncover customer needs and issues as the basis for proposals that deliver optimal solutions Maximize profitability from the confines of the vast supply chain 	
Systems & Communications	Contribute to the success of customers around the globe by integrating AV, communications and IT solutions	Sales: ¥1.2 trillion or more (up 29% compared with fiscal 2011)
Environment & Energy Solutions	Help people from all over the world realize a comfortable lifestyle and living spaces while minimizing environmental load	Sales: ¥1.6 trillion level (up 8% compared with fiscal 2011) Operating profit to sales ratio: up 1.9% compared with fiscal 2011
Healthcare & Medical Solutions	Realize easily accessible healthcare for as many people as possible globally	Sales: ¥140.0 billion or more (up 17% compared with fiscal 2011)
Factory Solutions	Contribute to progress and development of the global society with manufacturing solutions	Sales: ¥190.0 billion or more (up 16% compared with fiscal 2011)

The Head Office Structure and Brand Strategy after Reorganization

Pursuing lean, speedy and global operations

Following reorganization, steps will be taken to consolidate the head office of the Company, PEW and SANYO and to integrate the governance functions of the six regional management divisions to form the Global and Group (G&G) head office. The G&G head office will consist of a global head office and five regional management headquarters: China and Northeast Asia; North America; Latin America; Asia, Oceania, the Middle East and Africa; and Europe and the Commonwealth of

Independent States (CIS). This head office structure will pursue lean, speedy and global operations. In addition, Panasonic will promote the shift of the production and related functions to Asia. Moving forward, the Company will strive to raise the level of manufacturing globally by developing robust production bases, boosting local procurement and strategically utilizing outside sources.

Unifying the Corporate Brand into Panasonic and Enhancing Brand Value

On completion of reorganization both PEW and SANYO will assume different positions. PEW's businesses will be fully integrated into the new domain companies with Panasonic and PEW operating in a unified manner. SANYO on the other hand conducts certain businesses that cannot currently be integrated into domain companies. These include the OEM products in direct competition with domain companies and joint ventures that SANYO has formed overseas. For the foreseeable future these business will maintain their existing corporate status and be responsible

for business operations and asset management.

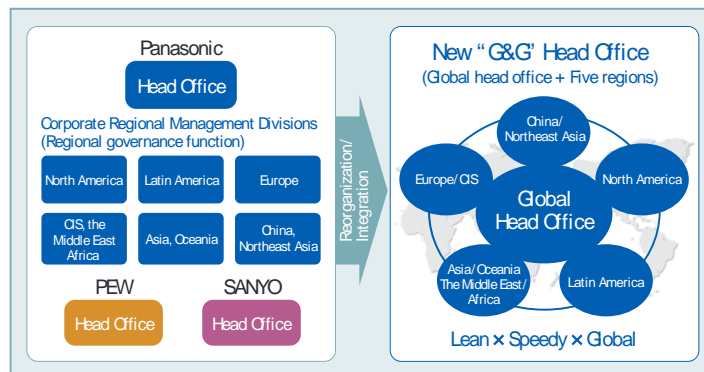
With the exception of certain regions and products, steps will be taken to rationalize brands. Every effort will be made to ensure that the Panasonic brand stands alone in conveying the corporate message for all business groups. The aim is to increase visibility and awareness thereby enhancing value. The Group's many sub-brands, product names and technologies will be realigned and coordinated to ensure consistency. Their use will be continued according to business needs and necessity.

Attaining Genuine Transformation as a Group

Panasonic is endeavoring to become a company that is capable of harnessing its global competitive advantage by putting in place the aforementioned new structure and implementing growth strategies.

Working together, the Panasonic Group will continue to fulfill its 100th anniversary vision of becoming the No.1 Green Innovation Company in the Electronics Industry.

Conceptual Image of the New Head Office Structure



Brand Strategy

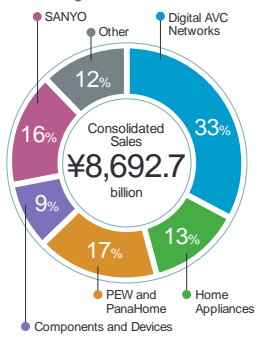


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☒ Business at a Glance
 ☐ Business Review
 ☐ Overseas Review by Region

Business at a Glance

Percentage of Fiscal 2011 Sales



Notes: 1. Sales composition for each business segment includes intersegment transactions.
 2. The Company restructured the motor business on April 1, 2010. Accordingly, segment information for Home Appliances, and Components and Devices for fiscal 2008 through to fiscal 2010 is reclassified to conform to the presentation for fiscal 2011.
 3. SANYO Electric Co., Ltd. (SANYO) and its subsidiaries became consolidated subsidiaries of Panasonic in December 2009. The operating results of SANYO and its subsidiaries prior to December 2009 are thus not included in Panasonic's consolidated financial statements.
 4. The Company has changed the transactions between the Global Procurement Service Company and the Other segment since April 1, 2008. Accordingly, sales results for Other and Corporate and eliminations for fiscal 2007 and fiscal 2008 have been reclassified to conform with the presentation for fiscal 2009.
 5. The healthcare business was transferred to Panasonic Shikoku Electronics Co., Ltd. (current Panasonic Healthcare Co., Ltd.) on April 1, 2007. Accordingly, Digital AVC Networks and Home Appliances segment information for fiscal 2007 has been reclassified to conform to the presentation for fiscal 2008.

* The operations of the System Networks Company of Panasonic were integrated with Panasonic Mobile Communications Co., Ltd. on April 1, 2011. As a result, the System Networks Company was dissolved and the Systems & Communications Company established.

Business Segment	Main Products and Services (As of March 31, 2011)	Main Business Domain and Group Companies (As of March 31, 2011)	Sales (Years ended March 31)	Segment Profit (Years ended March 31)
Digital AVC Networks ▶ See p. 21	Plasma and LCD TVs, Blu-ray Disc and DVD recorders, camcorders, digital cameras, personal and home audio equipment, SD Memory Cards and other recordable media, optical pickup and other electro-optic devices, PCs, optical disc drives, multi-function printers, telephones, mobile phones, facsimile equipment, broadcast- and business-use AV equipment, communications network-related equipment, traffic-related systems, car AVC equipment, healthcare equipment, etc.	<ul style="list-style-type: none"> • AVC Networks Company • System Networks Company* • Panasonic Mobile Communications Co., Ltd.* • Automotive Systems Company • Panasonic Healthcare Co., Ltd. 		
Home Appliances ▶ See p. 25	Refrigerators, room air conditioners, washing machines and clothes dryers, vacuum cleaners, electric irons, microwave ovens, rice cookers, other cooking appliances, dish washer/dryers, electric fans, air purifiers, electric heating equipment, electric hot water supply equipment, sanitary equipment, electric lamps, ventilation and air-conditioning equipment, compressors, vending machines, electric motors, etc.	<ul style="list-style-type: none"> • Home Appliances Company • Lighting Company • Panasonic Ecology Systems Co., Ltd. 		
PEW and PanaHome ▶ See p. 27	Lighting fixtures, wiring devices, personal-care products, health enhancing products, water-related products, modular kitchen systems, interior furnishing materials, exterior finishing materials, electronic materials, automation controls, detached housing, rental apartment housing, medical and nursing care facilities, home remodeling, residential real estate, etc.	<ul style="list-style-type: none"> • Panasonic Electric Works Co., Ltd. • PanaHome Corporation 		
Components and Devices ▶ See p. 29	Semiconductors, general components (capacitors, tuners, circuit boards, power supplies, circuit components, electromechanical components, speakers, etc.), batteries, etc.	<ul style="list-style-type: none"> • Semiconductor Company • Panasonic Electronic Devices Co., Ltd. • Energy Company 		
SANYO ▶ See p. 31	Solar photovoltaic systems, lithium-ion batteries, optical pickups, capacitors, digital cameras, LCD TVs, projectors, showcases, commercial air conditioners, room air conditioners, compressors, medical information systems, biomedical equipment, washing machines, refrigerators, car navigation systems, etc.	<ul style="list-style-type: none"> • SANYO Electric Co., Ltd. 		
Other ▶ See p. 32	Electronic-components-mounting machines, industrial robots, welding equipment, bicycles, imported materials and components, etc.	<ul style="list-style-type: none"> • Panasonic Factory Solutions Co., Ltd. • Panasonic Welding Systems Co., Ltd. 		

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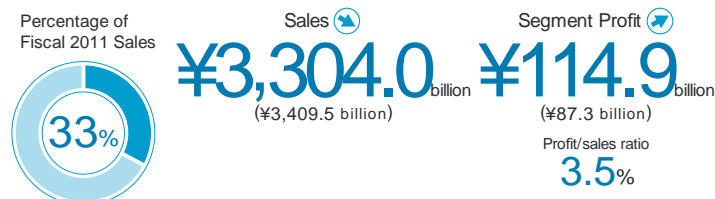
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Digital AVC Networks

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



Digital AVC

In the digital AVC business, Panasonic provides such imaging equipment as flat-panel TVs, digital AVC network equipment including Blu-ray Disc recorders and digital cameras as well as business-use AV equipment.

Fiscal 2011 was a year in which many of the Company's competitors launched 3D-compatible products. Against this backdrop, Panasonic's lineup attracted significant interest. At the same time, positive momentum was generated by the consumer electronics eco-point program*1 introduced in Japan. As a result, sales were steady.

*1 The Japanese government introduced an eco-point program in May 2009. Eco-points are awarded to consumers who purchase eligible home appliances including high energy-saving air conditioners, refrigerators and terrestrial digital broadcasting TVs. These points can be exchanged for a variety of products and services.

Flat-Panel TV Unit Sales Increased 1.3 Times as the Newly Released 3D VIERA was Well Received

Global demand for flat-panel TVs saw strong growth due mainly to the positive effect of Japan's eco-point program and a substantial

upswing in such emerging markets as Asia as well as central and south America. Flat-panel TV sales climbed 123% year on year, surpassing 200 million units for the first time.

Amid these circumstances, Panasonic took steps to provide its customers with fresh and exciting television experiences launching a series of advanced 3D- and Internet-compatible products. In addition to the release of a bass enhanced 32-inch LCD TV in India, the Company worked diligently to increase sales of high-volume segment products that address the local needs of each global region. As a result, unit sales in fiscal 2011 climbed to 20.23 million worldwide, 1.3 times higher year on year.

In terms of panel production, Panasonic expanded its capabilities. At the Company's fifth domestic PDP plant in Amagasaki, monthly production of 42-inch panels was increased from 120,000 to 330,000 units. LCD panel production began at the Himeji plant from April 2010 with monthly production of 32-inch panels increased to 810,000 units. At the same time, Panasonic stepped up efforts to relocate such intermediary processes as module production and mounting to Asia. In order to increase cost competitiveness, the Company strove to procure a greater

percentage of its components locally and to reduce delivery costs.

Fiscal 2011 saw the 3D television era emerge in earnest. Panasonic began efforts to bring the fresh sensation of full HD 3D images to customers by commercializing its 3D plasma TV lineup focusing on high-picture-quality and outstanding video image responsiveness. The Company's ability to eliminate double-images and deliver high-resolution images is being widely acclaimed. Panasonic has received a host of awards both in and outside Japan including the International 3D Society's Charles Wheatstone Award and the prestigious European EISA AWARD. Together with the high-picture-quality IPS Alpha panel*2 LCD TV, Panasonic will further augment its lineup making every effort to enhance the status and standing of the VIERA brand.

*2 LCD panels manufactured by Panasonic Liquid Crystal Display Co., Ltd. Boasting a wide viewing angle, these panels help realize the industry's fastest level of responsiveness and energy-saving performance.

The Full HD 3D Plasma TV VT Series

A plasma TV that delivers the experience of clear 3D images using technologies that minimize double-images



The DIGA Series of Blu-ray Disc Recorders Maintains Its Top Global Market Shares

The increased penetration of digital broadcasting and flat-panel TVs continues to drive growth in the Blu-ray Disc recorder market. Under these circumstances, higher DIGA sales were strongly supported by the product's networking features, which enhance enjoyment by helping to link various devices, as well as basic functions including extended recording in full HD video and simple operation. Buoyed by these factors, Panasonic maintained its top share in the global market.

Following in the footsteps of the release of the world's first model to play Blu-ray 3D™ Discs in April 2010, the Company introduced a new model equipped with triple tuner in February 2011. Panasonic will continue to expand its product lineup in efforts to drive the Blu-ray Disc recorder market forward.

Note: "Blu-ray," "Blu-ray Disc," and "Blu-ray 3D" are trademarks of Blu-ray Disc Association.

The DMR-BZT900 Equipped with the World's First Triple Digital Tuner that Allows Simultaneous Recording for Four Different Channels*3

Family members can now record the program of their choice despite overlapping broadcast times.



*3 The world's first Blu-ray Disc recorder equipped with digital tuner. Simultaneous recording of four programs together with SkyPerfect! HD. Source: Panasonic

Despite Higher Units Sold, Lower Sales due Mainly to Price Decline

The compact digital camera market expanded steadily driven largely by firm unit sales in emerging regions including Asia and China. In contrast, sales on a value basis fell below the level recorded in the previous fiscal year due to negative growth in Japan, Europe and the U.S.

Consistent with this market trend, sales of Panasonic products in North America and emerging markets climbed on a units sold basis. As a result, the Company recorded global year-on-year growth. In value terms, however, sales contracted owing primarily to the drop in product prices and the impact of the strong yen.

In digital interchangeable lens cameras, Panasonic saw several of its competitors enter the mirrorless interchangeable lens camera market. In the fiscal year under review, the Company released a succession of innovative products including the G2, the world's first^{*4} touch-operation model with video recording function in April 2010, the GH2, the world's fastest^{*5} level of light speed AF to capture subjects in spur-of-the-moment sharp focus in October 2010, and the GF2, which allows the user to take full HD video images in December

2010. All three models have compact bodies and are easy to operate attracting wide market acclaim.

^{*4} For a digital interchangeable lens system camera. Source: Panasonic

^{*5} As of September 21, 2010. For the digital interchangeable lens system camera 14-140mm lens model. Source: Panasonic

Efforts to Strengthen the Digital Camcorder Lineup Fail to Offset the Drop in Sales due to Volatility in Foreign Exchange Rates

The digital camcorder market saw units sold surpass the previous fiscal year. Reflecting the growing trend toward lower priced products, however, sales contracted year on year on a value basis.

Under these circumstances, units sold by the Company again climbed above the previous fiscal year, only to fall on a year-on-year value basis due primarily to the drop in retail prices and the strong yen.

To boost its product lineup, Panasonic released two new models. The HDC-TM750 and 650 are the world's first^{*7} 3D and digital HD camcorders in August 2010. By simply attaching

the separately purchased 3D conversion lens, anyone can create powerful, true-to-life 3D images. Both models follow in the footsteps of the previously released 3D-compatible flat-panel TVs and Blu-ray Disc recorders, and are stimulating broad interest as an integral component of the Company's 3D product platform. In addition, the easy-to-use, lightweight and compact body HDC-TM35 at 185 g is proving popular among women in Japan. Overseas, the picture quality of the Company's HD camcorders is held in high esteem. As a result, market share continues to rise worldwide. In major European countries particularly the United Kingdom and Germany, Panasonic is dominating the market with shares exceeding 40%.

At the opening of the peak spring season, the Company launched three new models including HDC-TM45 in the popular HDC-TM series in February 2011. Looking ahead, Panasonic will continue to strengthen its product lineup and deliver high-picture-quality images to an increasingly broad user base.

^{*7} For AVCHD standard compliant consumer-use camcorders. Source: Panasonic

Maintaining Its Worldwide Market Lead in Innovative Mobile Computers

The notebook PC market displayed steady growth on a unit sales basis both in and outside Japan. Sales on a value basis were marginally lower than fiscal 2010.

Sales of the Company's Let'snote mobile computer designed for the Japanese market were robust expanding year on year. While results overseas for the rugged TOUGHBOOK notebook PC were impacted by the strong yen falling below the previous fiscal year's level, units sold increased year on year.

Through efforts to develop and refine products in these series under the concept of lightness, extended battery life, toughness, and high performance, Let'snote has maintained the top position in the domestic business mobile category since 2004.

In June 2010, the Company launched the CF-C1 series, the world's lightest^{*8} convertible tablet PC. Following on the heels of this release, Panasonic launched the CF-J9 series of jacket-style PCs with a cover that can be freely removed and replaced in October 2010. Both products have received favorable reviews. More recently in March 2011, the Company commenced sales of the CF-B10 notebook PC offering a large-screen 15.6-inch full HD LCD. Panasonic continues to drive the market forward by strengthening its product lineup.

The Company's TOUGHBOOK series has maintained the top position in the worldwide market for rugged mobile computers since 2002. By tailoring specifications to specific operating environments, the Company is working to address the needs of a wide range of corporate clients.

Moving forward, Panasonic will continue to refine the performance of its products, an essential feature of the full-mode mobile PC market. Every emphasis will be placed on enhancing quality.

^{*8} As of January 27, 2011. For convertible notebook PCs with LCDs of 12.1 inches or more. Source: Panasonic

The DMC-G2 with the World's Smallest and Lightest Body^{*6}



^{*6} As of November 18, 2010. For a digital interchangeable lens system camera incorporating an internal flash. Source: Panasonic

The HDC-TM45 for Clear Picture Quality Over Long Distances

Powerful and vivid images with high-definition picture quality using ultra high resolution (Intelligent Auto (iA) 42x) technology



The CF-B10 is the World's Lightest, Extended Battery Life^{*9} Notebook PC Offering a 15.6-inch Full HD LCD



^{*9} As of January 27, 2011. For 15-inch LCD optical drive notebook PCs. Operating life for batteries mounted within the PC body. Source: Panasonic

System Networks

In the business-use system solutions market, where image and communications technologies continue to converge, Panasonic is pursuing global growth in its system networks business. This is in response to advances in IP networks including increasing use of the Internet and LANs.

In addition, the Company provides wide-ranging leading-edge products and system solutions in the security field including surveillance cameras for safeguarding people, property, and information in companies and regions. At the same time, Panasonic is active in the communication field linking people through voice and images.

Expanding Business Activities throughout Global Markets Encompassing Emerging Countries

Issues of safety and security are attracting growing concern in Japan. Against this backdrop, demand for equipment and systems that ensure security continues to climb. In addition to the existing requirements of urban areas and schools, the need for security from retail stores, small offices and related facilities increased throughout fiscal 2011. Under these conditions, sales of the Company's security-related products, particularly network cameras were robust.

In North America, sales of POS system solutions that use touch-panel terminals saw substantial growth on the back of replacement demand as major fast food chains sought to renew or upgrade their systems. Turning to emerging markets, sales expanded mainly in

China and Russia. Results were particularly strong for such products as compact multi-function printers (MFPs) and network cameras with sales rising substantially compared with fiscal 2010.

Furthermore, analog surveillance cameras were also adopted by public transportation systems in China. Together with such factors as the development of new sales channels in North America, results were firm.

Focusing on Providing Solutions at Overseas Operating Sites

Panasonic has been strengthening its ability to provide quality solutions at overseas operating sites as a part of its efforts to further develop its activities in the global market. To this end, the Company has been strengthening its presence and capabilities in Asia and Europe. With Asia in particular a core operating base, Panasonic has located its front design centers in its offices in Singapore and China while establishing a specialist engineering department within its overseas plant in Malaysia.

Panasonic will continue to strengthen its overseas solutions systems and structure. Moreover, the Company will expand its solutions business by focusing on such initiatives as the sale of Digital Enhanced Cordless Telecommunications (DECT)-compliant products as well as audio and visual services that employ cloud computing technology.

Mobile Communications

In the mobile communications business, Panasonic offers mobile phones incorporating advanced functions, and cutting-edge communications infrastructure equipment such as base transceiver stations. Through these products, the Company works to realize a communications society that offers high-level security and greater convenience and comfort.

In addition to enhancing camera picture quality and ease-of-use, the Company is looking to add energy-saving functions that automatically control power consumption and minimize waste depending on the status of use. By this means, Panasonic delivers advanced products.

Strengthening Product Competitiveness in response to an Increasingly Polarized Market

In fiscal 2011, the Japanese mobile phone market became increasingly polarized along advanced function, top-tier and high-volume segment model lines.

In the high-end handset category, Panasonic received favorable acclaim following the introduction of the LUMIX Phone, which harnesses the Company's accumulated digital camera technologies.

While limiting models to basic functionality, the Company reported strong sales of high-volume segment models that balance the dual needs for reasonable pricing and stylish design.

However, mobile communications business sales were lower than in fiscal 2010. This was largely attributable to delays in responding effectively to the rapid demand for smart phones.

Plans are in place to release several new smart phone models in fiscal 2012. These products will showcase the unique Panasonic concept by converging seamlessly with the AV field and supporting people's lives.

i-PRO SmartHD Offers a Variety of Functions including Face Detection and Matching

The surveillance camera system, i-PRO Smart series, delivers superior image viewing quality, high profile compression and low power consumption. Released to the market at competitive prices against existing analog systems, Panasonic's lineup is getting a high reputation globally.

Example for retail system

The real-time face matching function matches faces against registered images displayed on a live camera feed. A buzzer function alerts when a match is found.



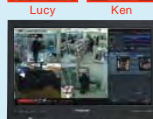
Mega pixel camera with face detection function



DG-SP305



DG-SC385



DG-NV200 network disk recorder with real-time face matching function

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The Docomo P-07C*1 "My First Smartphone" with a Stylish Design, Easy-to-Use Large Screen

A smartphone that combines a stylish design with functional beauty. Even with a large 4.3-inch touch screen, end-users enjoy easy one-hand operation, by customizing the screen position of the keypad and touch-speed selector, a system of rotating icons which enables customers to select and activate functions.



Full-Fledged Entry into the Next-Generation High-Speed Mobile Communication Format Base Station Business

NTT DOCOMO, INC. (NTT DOCOMO) launched Xi™ (Crossy) in December 2010, a common global wireless connectivity service based on the extra-high-speed technology, LTE*2, which is expected to witness growing global use.

Panasonic developed Xi service-based wireless equipment for base stations with partner Nokia Siemens Networks, which the Company then supplied to NTT DOCOMO signifying its full-fledged entry into this business. Looking ahead, Panasonic will promote its infrastructure business focusing mainly on LTE-compatible equipment. The Company is committed to

contributing to the further development of next-generation mobile infrastructure.

*2 The acronym for Long Term Evolution

Automotive Electronics

In the automotive electronics business, Panasonic is developing its business in the automotive multimedia field while at the same time pursuing new opportunities in the environment and safety field. This is amid growing interest in more comfortable, environmentally-conscious, and safer vehicles.

Panasonic operates in wide-ranging fields, from car navigation systems to such key devices as engine control units and batteries for eco-cars. At the same time, the Company is engaged in the development of car cabin and eco-car systems and devices as well as proposals that distinguish the appeal of the Company's products.

Sales Growth in Japan, North America, Emerging Countries and Other Regions

In 2010, new automobile sales saw a year-on-year increase for the first time in six years. This was mainly attributable to the eco car subsidy initiative implemented in Japan which served to ignite demand. Under these circumstances, sales of the Company's car navigation systems, cameras and digital terrestrial tuners were strong.

In October 2010, Panasonic released Tabi Navi, a portable travel navigation device that condenses tour guide information, navigation function and a camera into a single unit. The Company has been successful with its marketing strategy to cultivate new demand among middle to older age travelers. Sales were strong mainly through the domestic electronics retail store channel.

Outside of Japan, overall sales were strong including those for rear-seat entertainment systems. In addition to indications of a recovery in the North American market, this largely

reflected the return to favor of large-sized vehicles. Sales also grew steadily in emerging countries including China, which led the world in annual new car sales at 18 million vehicles, India, and Brazil, where demand was high.

Working to Cultivate the India Market

In India, where the automobile market is experiencing marked growth, major automotive makers from around the world are engaging in accelerated investment.

Tabi Navi, a New Type of Navigation Tool that Contains Information on around 80,000 Facilities

Together with abundant tour guide information, Tabi Navi comes with navigation and camera functions. As a new type of navigation tool, Tabi Navi provides travelers with comprehensive support from planning to the recording of precious memories. Helping to confirm location directions at a glance and to reach each desired destination, Tabi Navi allows travelers to enjoy their journey with complete peace of mind.



In April 2010, Panasonic established a local automotive electronics sales company as part of efforts to promote a sales channel strategy deeply rooted in the local community. Steps are being taken to coordinate with the Group-wide cultivation of the India market thereby expanding sales.

Strengthening System Solutions Product Development and Proposals Showcasing Features that Appeal to Customers

Panasonic is vigorously developing system solutions and proposals that showcase the distinguishing features and appeal of each product as a new business initiative.

In its eco-car systems, the Company has successfully strengthened its power management, heat management and battery systems. As a result, the Company's systems have been adopted by numerous automotive makers.

In addition, Panasonic established a specialist development office to focus on cockpit systems that offer in-car display of wide-ranging audio-related, safe and comfortable driving support, and other information. In the future, the Company will continue to reinforce its proposal capabilities to automotive makers in and outside Japan.

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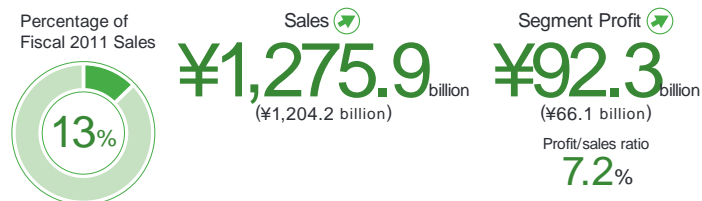
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Home Appliances

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



Household Appliances/ Refrigeration, Air Conditioning and Heating

Panasonic provides advanced technology-driven products and services across a variety of fields including housekeeping, cooking, cooling and heating, and hot water supply.

Moreover, the Company is accelerating its overseas business activities pursuing product development that reflects the local lifestyles of each region.

In April 2010, Panasonic restructured the Motor Company by integrating the Home Appliance and Automotive Motor and Industrial Motor business into the Home Appliance Company. Over the ensuing period, steps have been taken to further strengthen product competitiveness.

Focused on Streamlining Fixed Costs while Achieving Sales Growth by Strengthening Product Competitiveness

In fiscal 2011, both high environmental performance as well as high-volume segment products that addressed local needs performed well. In particular, Panasonic recorded drastic

increases in sales mainly in emerging countries. As a result, overall sales exceeded the previous year. Furthermore, the Company offset the negative impact of a sharp rise in raw material costs by rationalizing operating and fixed costs.

Strong Domestic Sales of Products Featuring ECONAVI

In Japan, performance was favorably impacted by the eco-point program as well as an extremely hot summer. Moreover, sales of ECO NAVI products, which automatically save electricity depending on the mode of use, won strong support throughout the entire year. Taking these factors into consideration, sales were higher than fiscal 2010. ECO NAVI features in a broad range of products including room air conditioners, refrigerators as well as tilted-drum washing machines and clothes dryers, and accounts for around 30% of home appliance sales.

Furthermore, unit sales of the Ene Farm household fuel cell cogeneration systems that Panasonic has supplied to city-gas companies since fiscal 2010 increased 40% compared with fiscal 2010. In April 2011, Panasonic released a new product that features the world's highest^{*1}

rated electricity generation efficiency and the industry's smallest^{*1} installation space at a significantly reduced price. With this initiative, the Company is endeavoring to further boost sales.

^{*1} As of February 9, 2011. Source: Panasonic

Toward Further Increases in the Overseas Sales Ratio

Overseas, Panasonic actively introduced products for high-volume segments focusing particularly on middle-income earners in each country in Asia. In China, sales were strong in washing machines featuring top-class water-saving functions released in March 2010, room air conditioners and vacuum cleaners. This was largely attributable to the Chinese government's home electronic subsidy program^{*2}.

In India, where the Company is intensifying efforts to boost sales, Panasonic launched the CUBE room air conditioner in January 2011. The CUBE room air conditioner was well received by the market due to its reduced noise levels

and enhanced energy savings compared with competing products in the same price range.

In Europe, two years have passed since Panasonic entered the refrigerator and washing machine markets, and sales rose substantially higher than the previous fiscal year by expanding its line-up.

In order to lift the overseas sales ratio, which currently stands at approximately 50%, the Company will pursue local customer-oriented marketing. In addition, Panasonic will strengthen overseas production. Currently, Panasonic is conducting research into the local needs of India and Brazil markets. The Company is also pursuing the construction of local production sites. Plans are in place to commence the manufacture of room air conditioners and washing machines in India and refrigerators and washing machines in Brazil in fiscal 2013.

^{*2} An initiative to increase the penetration rate of home electronics in rural areas by subsidizing the purchase of government-designated models

The Easy-to-Use Tall Drum-Type NA-VT8000L Tilted-Drum Washing Machine and Clothes Dryer

The door of this tall drum-type washing machine and clothes dryer is positioned higher than conventional models. This helps to relieve the burden on the back and knees when loading and unloading and makes it easier to look into the drum.

ECO
NAVI



CUBE Room Air Conditioners Developed for the India Market based on Thorough Market Research

Recognizing that room air conditioners are frequently used during the sleeping hours in India, Panasonic placed a premium on noise reduction and energy saving. On the other hand, Panasonic reduced product prices by eliminating such unnecessary functions as remote and airflow control.



Lighting

In the lighting business, Panasonic is actively developing products that conserve energy and resources, and are based on universal design. The Company continues to maintain a No. 1 share in general lighting products in Japan.

Leading the LED Lighting Market in Japan through Diverse Product Variations

Signs that environmental awareness was steadily taking hold in Japan began to emerge throughout fiscal 2011. Demand for conventional light sources including incandescent bulbs and fluorescent lamps declined, while demand for low-power consumption, long-life LED light bulbs climbed substantially. As a result, sales increased.

Panasonic has positioned the LED business as a core growth engine. In order to secure competitive advantage, the Company is releasing a succession of unique and innovative products.

Among the new products launched in fiscal 2011, the Company released the industry's first*1 purpose-built inclined mounting-type product as well as a wide light distribution-type product. This wide light distribution-type product

produces a light that is essentially equivalent to electric bulbs in Japan. These new products and the small bulb-type, which continue to be well received, have helped Panasonic secure a top share of the LED light bulb market. The straight tube-type LED lamp, which complies with the high performance and safety standards of the Japan Electric Lamp Manufacturers Association, is also proving popular since its release in December 2010.

*1 Source: Panasonic

Focusing on Overseas Operations as a Second Growth Engine

In its overseas operations, which serve as another growth engine, Panasonic pursued efforts aimed at creating new demand in fiscal 2011. One initiative was the introduction of global ball-type fluorescent lamp models in emerging markets following the worldwide shift away from incandescent bulbs. As a result, sales were higher than fiscal 2010.

Looking ahead, the Company will place particular weight on pushing forward commercial application LED products in the U.S. and Europe.

Environmental Systems

In the environmental systems business, Panasonic is developing ventilation fan systems and indoor air quality products while pursuing environmental engineering and component businesses. The Company is engaging in product development utilizing environmental technologies that are kind to the earth and humankind.

Ventilation Fan Sales Grew due to a Recovery in New Housing Starts in and outside Japan

In the ventilation fan systems business, detached and apartment new housing starts experienced a modest recovery. As a result, signs of a positive turnaround in mainstay ventilation fan sales began to emerge.

DC motor ceiling mount ventilation fans results were particularly robust in North America. Accordingly, ventilation fan unit sales in North America surged by 25% year on year to 550,000 units.

Sales of Air Purifiers Strong in Japan and China

In the indoor air quality business, sales of humidifiers and air purifiers in Japan were firm. Results were particularly strong in Uruoi Air Rich, equipped with ECO NAVI in addition to the nano-e* generator function, released in September 2010.

Furthermore, Panasonic launched air purifiers with standardized features and fresh design in the Chinese, Asian and Middle East markets in October 2010. This new model is attracting wide acclaim helping to rapidly boost sales.

* Minute ion particles produced from moisture in the air. Helpful in controlling fungi, odors and allergy-related substances

Developing Energy-Saving Solutions for the Entire Plant

In the environmental engineering business, Panasonic has made every effort to promote solutions that aim to reduce the environmental footprint of entire plants utilizing its energy-saving know-how. The Company provides comprehensive support from conducting energy-conservation diagnoses of customers' plants through to formulating specific countermeasures. In March 2011, the Company established a showroom at one of its plants to showcase its energy-saving features. Panasonic is working for green factories both in and outside Japan.

In the environmental component business, the Company successfully entered the mobile phone market in China, and mobile phone base station cooling units performed extremely well. At 30,000 units, sales substantially surpassed projections.

Energy-Saving Showroom Established at the Company Plant

Panasonic established an environmental showroom within its plant in Kasugai City, Aichi Prefecture, Japan in March 2011. Targeting plant managers mainly from the manufacturing sector, the showroom features equipment and systems as well as numerous examples of initiatives that showcase the CO₂ reduction capabilities and know-how of the plant.



Expanding New LED Lamp Products

October 2009

The industry's first compact bulb-type lamp

April 2010

A compact bulb-type lamp offering the industry's leading*2 brightness

June 2010

The industry's first inclined mounting-type lamp

November 2010

A general bulb-type lamp with the industry's leading*3 brightness

March 2011

The industry's leading*4 omnidirectional light distribution lamp

December 2010

Standard-compliant
A straight tube-type LED lamp that realizes continuous light by aligning LED elements on the substrate and overlaying fluorescent materials in line with these elements

*2 As of April 22, 2010 *3 As of October 21, 2010 *4 As of January 26, 2011
Source: Panasonic

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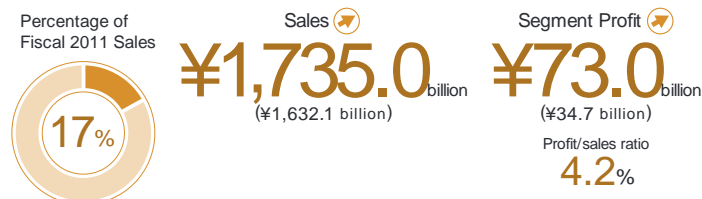
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PEW and PanaHome

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



PEW

PEW provides wide-ranging products that incorporate society's need for energy and environmental conservation as well as information. PEW also undertakes measures that address the aging population, safety, security, and convenience. Moreover, PEW is promoting its business globally by developing products that realize synergies between comfort and eco-consciousness.

An Increase in Sales Accompanied by a Substantial Increase in Earnings

In addition to actively introducing energy-saving and eco-conscious products in Japan, PEW took steps to create new products that address other social trends including the need for increased security and health in fiscal 2011. Overseas, PEW undertook to promote a high-volume segment product strategy in Asia including China and India. Coupled with significant sales growth in electrical construction materials and home appliances, PEW recorded strong sales of devices and eco-conscious materials mainly in emerging countries. As a result, overall sales were higher than fiscal 2010.

Complementing sales growth, cost reduction and structural reform measures led to an improvement in earnings structure. As a result, PEW recorded a substantial increase in profit.

Eco-Conscious Products including LED Lighting Fixtures Widely Acclaimed in Japan

In Japan, PEW posted higher sales of eco-conscious LED lighting fixtures mainly for store spotlights and universal downlights. This was amid the ongoing upswing in energy-saving, CO₂ emission reduction and related needs.

In addition, sales were strong for the energy monitor series that measures energy consumption at buildings and facilities. Results were also remarkable for wiring devices with sensors including lighting control switches that can be used automatically to turn lights on or off by detecting when people move. Sales were also strong in Eco-Power Meter and its related products which are distinguished by their ability to visualize electricity use thereby helping to save energy.

Healthy Sales Mainly of Water-Related Products on the Back of Recovery in Domestic New Housing Starts

Sales, mainly of such water-related products as the Living Station modular kitchen system, grew amid a modest recovery in new housing starts in Japan.

Sales were particularly strong in the new series of vanity units that offer water- and energy-saving functions, A La Uno, fully-automatic self-cleaning toilets, and Cococino unit bathrooms distinguished by their heat retention and other properties, thanks to Japan's eco-point program for housing*.

* The eco-point program for housing was introduced by the Japanese government in March 2010. Under this system, points are awarded to those who build or renovate eco-conscious houses. These points can be exchanged for a variety of goods or applied to offset additional construction expenses.

An Array of New Personal-Care Products Well Received

Sales of personal-care products were also strong. Year-on-year results were again favorable for Lamdash men's shavers as well as Nanocare dryers equipped with a nanoe-ion generator function that provides UV care while drying hair.

In addition, PEW took steps to stimulate new demand by releasing several new products. Sales performed remarkably well in Pocket Doltz, a stylish pocket sonic vibration toothbrush, and Neck Refre, a compact low frequency massage device that is convenient for use at home and in the office performed remarkably well.

Achieved Higher Overseas Sales in such Priority Markets as Asia, China and India

Overseas, where emerging countries continue to grow, PEW has positioned Asia, China and India as priority markets. Accordingly, PEW is endeavoring to restructure its entire value chain from development to post-sales service. Buoyed

by demand growth in China, sales were strong in home appliance- and communications-use relays and printed circuit board materials, factory-automation (FA)-related products as well as men's shavers and hair dryers.

The Living Station Modular Kitchen System Equipped with Triple-Wide

PEW has added a new gas stove model to its original Triple-Wide IH model that aligns three Induction Heaters side by side. Among a host of features, Triple-Wide promotes the efficient use of space. With three stoves positioned side by side, multiple menus can be prepared at the same time with enough space for two people to cook together. Easy to clean, Triple-Wide also helps realize high-capacity storage.



The Triple-Wide IH model



The Triple-Wide gas stove model

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In Asia, PEW reported strong results in such products as narrow-pitch connectors for mobile and smart phones, and multilayer printed circuit board materials. Sales of devices for automobiles and two-wheeled vehicles were also favorable. In India, sales mainly of wiring devices and electric control equipment increased along with growing demand. Despite the impact of the strong yen, these factors helped boost overseas sales.

Launching EV Charging Stands

PEW is placing considerable emphasis on the development of new growth businesses that help realize synergies between comfort and

eco-consciousness. PEW's efforts to develop a charging stand, so vital to the increased use of electric vehicles (EV) that continue to attract significant attention as a next-generation car, are one example of its endeavors in this field. PEW released self-contained ELSEEV charging stands for outdoor public area installation in June 2010, and ELSEEV-mine for residences and offices in November 2010.

Moving forward, PEW will continue to provide charging facilities that link home living environments with automobiles. In this way, PEW will help contribute to realizing a low-carbon society.

ELSEEV EV Charging Stand that Holds the Key to Increased Next-Generation Vehicle Use

Japan is accelerating efforts to promote next-generation vehicles including EVs and plug-in hybrid electric vehicles (PHEVs).

Developed by PEW, the ELSEEV charging stand is recognized as key to popularizing next-generation cars. Sold separately, 200V and 100V outlet modules can be attached to the stand. As a result, multiple EVs can be charged at the same time. Emphasizing safety and security, the module has been designed with an interlocking mechanism to prevent electric shock.



PanaHome

For the bright future of the Earth, PanaHome is committed to empowering all who live in its 'eco ideas' Homes to lead comfortable lives. In this context, PanaHome mainly engages in detached housing, asset management, and home remodeling businesses.

Achieved an Increase in Sales on the Back of the Housing Market Recovery

In fiscal 2011, PanaHome saw sales increase thanks largely to a modest recovery in new housing starts triggered mainly by the government's housing initiative programs including tax breaks on mortgages.

In the detached housing business, PanaHome introduced long-life products in response to the government's Long-Term Quality Housing Certification Program*. At the same time, PanaHome promoted sales of houses that employ KIRATECH tiles for exterior walls. Using photocatalytic technology KIRATECH homes help reduce the effort and expenditure required for maintenance due to their self-cleaning capacity. Moreover, PanaHome launched CASART which delivers superior earthquake-resistance, environmental and energy-saving performance, focusing initially on urban areas. The enhanced design of this new construction method enables 15 cm cut planning.

In the asset management business, PanaHome continued to promote medical and welfare facility construction. As a part of this endeavor, PanaHome commenced its Whole-Building Leasing System for special rental housing with nursing care services for the elderly.

In the home remodeling business, PanaHome entered the renovation business in earnest for which demand is expected to grow. PanaHome is fine-tuning its proposals for the entire home.

* A housing certification system that recognizes high property values encouraging quality maintenance over the long term. Certified houses are eligible for preferential taxation measures.

High Rating for Homes that Offer Outstanding CO₂ Reduction and Energy-Saving Performance

In fiscal 2011, PanaHome was recognized across three divisions including detached housing in the House of the Year in Electric 2010 Awards. These awards acknowledge the outstanding contributions of 'eco ideas' Homes. This is the fourth consecutive year that PanaHome has received this award and is a measure of the high esteem in which PanaHome is held.

In fiscal 2012, PanaHome will work toward commercializing zero carbon footprint houses harnessing the collective strengths of the Panasonic Group's environmental technologies. PanaHome continuously contributes to protecting the global environment and to the development of "Lifestyle Cultures."

Establishing a Research Facility to Promote Zero Carbon Footprint Houses

Cooperating with industry and academia, PanaHome has been active in the development of zero carbon footprint houses since March 2010. In July of the same year, PanaHome established a designated research facility within its plant in Shiga Prefecture in Japan. Under actual living conditions, PanaHome will verify and evaluate the entire household energy balance of a family of four over a three-year period.



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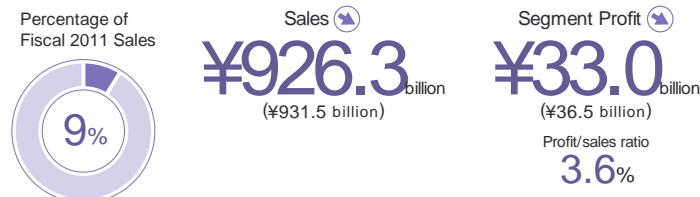
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Components and Devices

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



Semiconductors

In the semiconductor business, Panasonic provides a wide range of products including system LSIs integrating multiple functions on a single chip, and image sensors achieving higher picture quality for digital cameras.

Strong Overall Sales of Products for Digital Home Electric Appliances, However a Slowdown from the Second Half

In fiscal 2011, sales of system LSIs for flat-panel TVs and Blu-ray Disc recorders as well as dual wavelength lasers for optical pickup systems were strong. This was largely attributable to the positive effects from the eco-point program and the steady migration to terrestrial digital TV broadcasts in Japan.

Looking at other products, the rate of growth slowed during the six-month period ended March 31, 2011 after a firm first half. As a result, sales of the semiconductor business as a whole were lower than fiscal 2010.

Intensifying Efforts toward the Development of Differentiated Products

Panasonic successfully developed the world's first^{*1} mass-production technology for 32-nm generation system LSIs. This advanced technology enables system LSIs with higher performance and lower power consumption that help enhance the competitiveness of finished products. Utilizing this technology featuring Panasonic's proprietary UniPhier[®]*2 integrated platform, shipments of system LSIs for use in Blu-ray Disc players commenced in October 2010. This new development allows 3D image playback as well as Internet video image and other services.

In addition, Panasonic is accelerating development aimed at commercializing gallium-nitride (GaN) power devices that can be used in motors, power supply control and other products that help achieve low-power consumption, as well as low-heat-generating home electric appliances.

Furthermore, the Company is promoting development in order to strengthen the set product competitiveness of image sensors in terms of such features as enhanced sensitivity. At the same time, Panasonic is expanding the

application of its products to such fields as security systems with high picture quality.

*1 Source: Panasonic

*2 Developed by Panasonic, UniPhier[®] is an integrated platform that enables the sharing and reutilization of software and hardware technology resources across different product categories. UniPhier[®] helps the Company to achieve great strides forward in development efficiency.

Strengthening Production and Development Capabilities in Asia

Amid the ongoing shift of production sites to China and other Asian countries by digital AV product manufacturers, Panasonic's sales remain firm on the back of growing demand in these markets.

In addition, the Company commenced new facility operations at its assembly plant in Indonesia in October 2010 and increased its

production capacity at its sites in Asia. Furthermore, Panasonic expanded its workforce at support bases in Singapore, China and other locations while strengthening its ability to assist local finished product manufacturers. Through such local marketing activities, the Company focused on those essential functions that meet market needs while strengthening product competitiveness. Carrying on from fiscal 2010, Panasonic continued to promote high-volume segment products that feature lower power consumption in emerging and other markets.

Going forward, the Company will also pursue the shift of its assembly operations overseas. Furthermore, the Company will develop design as well as R&D facilities in each location throughout Asia with the goal of expanding sales through local R&D and production.

Electronic Devices

In the electronic devices business, Panasonic develops and manufactures a variety of electronic components based on its three core technologies—power management, membrane and MEMS*, and circuit board and mounting technologies for use in the digital AV, information and telecommunications, automotive electronics, environment and energy, medical electronics and related fields.

* Micro Electro Mechanical Systems: technology is related to the production of minute electrical equipment systems created via the silicon process technology used for semiconductors.

Products for Smart Phones and Eco-Cars Driving Business Results Forward

In fiscal 2011, demand for conventional AV equipment and mobile phones continued to be sluggish. However, driven by strong demand for smart phones and eco-car products, sales remained the same as fiscal 2010. Sales were particularly strong in products such as angular

System LSI for Use in 3D Blu-ray Disc Players

A system LSI that combines the features of a 32-nm generation ultra fine transistor with the UniPhier integrated platform. Compared with the Company's existing system LSIs, UniPhier reduced power consumption and mounting footprint by approximately 40% and 30%, respectively.



Blu-ray Disc evaluation board

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rate sensors for automobiles, chip resistors and graphite heat-conductive sheets for smart phones, and specialty polymer aluminum electrolytic capacitor for notebook PCs. Offering high-density and multilayer properties, Panasonic recorded sales growth in any layer interstitial via hole (ALIVH) high-density printed circuit boards. These products provide the advanced complex functions required by such mobile devices as smart phones.

Positioned as areas of medium- and long-term growth, Panasonic is prioritizing the environment and energy fields. The Company is in particular focusing on the environment and society infrastructure including electric vehicle as well as smart grid products. In fiscal 2011, Panasonic's in-car power supplies and hybrid vehicle pedestrian alert systems were adopted in strategic automobiles for the global market by major automotive manufacturers. Panasonic also developed the industry's first eco-car speaker utilizing recycled resources. Mass production commenced in January 2011 and the product has been adopted by numerous automobile manufacturers.

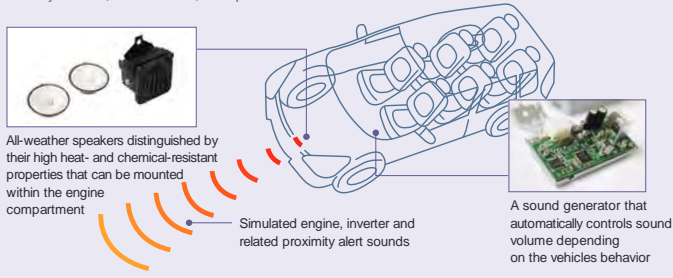
Accelerating Overseas Business Development as a Key to Growth

Panasonic is shifting to a business model that strengthens the role of its overseas operations. This initiative is aimed at addressing demand in overseas markets where high growth is expected. For example, in addition to promoting the rapid launch of new products overseas, the Company is initiating local product development through such measures as the expansion of its R&D facility in Singapore in May 2010. Furthermore, local staff are taking the lead at the Company's four device application center in Japan, the U.S., Europe, and China to offer solutions that address specific market needs.

Looking ahead, Panasonic will shift its production function overseas including pre-fabrication processes. Domestic bases will concentrate on new business creation and the development of innovative technologies. Collectively, these measures will provide the platform for continued growth.

A Pedestrian Alert System Compliant with Guidelines Issued by Japan's Ministry of Land, Infrastructure, Transport and Tourism

Countermeasures are currently in demand to alert pedestrians of approaching hybrid, electric and related vehicles that when compared with other vehicles are relatively silent when in motion. Recognizing this need, Panasonic developed a pedestrian alert system that is fully compliant with guidelines issued by Japan's Ministry of Land, Infrastructure, Transport and Tourism.



Energy

Panasonic continues to develop its broad-based business in the energy field. Products range from primary batteries including EVOLTA, which has won recognition for its long life, to rechargeable batteries such as lithium-ion and lead-acid batteries. The demand for rechargeable batteries is expected to increase significantly on the back of growing concerns for the environment.

Decline in Sales Owing Largely to the Drop in Market Prices

In fiscal 2011, sales declined impacted by such factors as the strong yen and decreases in market product prices.

Panasonic's dry alkaline EVOLTA battery maintained its top market share in Japan. In addition to its longer life, the EVOLTA battery continues to receive high praise as the industry's "first" battery for use in the event of a disaster after lengthy storage with a recommended expiration date of 10 years. Recognizing the global shift in demand from manganese to dry alkaline batteries, Panasonic commenced EVOLTA production in Thailand where manufacturing and transportation costs are lower in March 2011. Moving forward, the Company will continue to market the use of EVOLTA batteries worldwide. Steps will be taken to upgrade and expand the EVOLTA

lineup of nickel metal-hydrate rechargeable batteries. Panasonic is promoting wider use of this type of battery.

In its lithium-ion battery business, Panasonic commenced production at its Suminoe plant, Osaka, from April 2010 in order to expand its production capacity. The Company's lithium-ion batteries use proprietary nickel-based cathodes. In addition to ensuring safety, these batteries are distinguished by their high-energy-output and durability. Plans are in hand to launch the larger volume 3.4 Ah lithium-ion battery in fiscal 2012. In addition, Panasonic has provided samples of its lithium-ion battery modules to automobile manufacturers for use in EVs. With the potential for a multitude of applications, the Company has commenced verification testing of an accumulator battery system for home use. Panasonic is accelerating development with a view to commercialization.

Driven by Japan's eco-car subsidy program, in-car lead-acid batteries used mainly in idling-stop vehicles performed well. Looking ahead, Panasonic will develop further applications in wide-ranging areas such as proprietary power supply systems with natural energy, two-wheeled electric vehicles, and compact EVs. * Source: Panasonic

Capital Investment in Tesla Motors Aimed at Expanding the EV-Related Business

Panasonic invested US\$30 million in U.S.-based Tesla Motors, an EV manufacturer, in November 2010. This capital investment aims to strengthen collaborative ties between the companies and to help expand Panasonic's business in the EV market.

Rechargeable EVOLTAe Batteries

Focusing on economic value, Panasonic released the new entry model EVOLTAe rechargeable battery at an affordable price in April 2010.



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SANYO

Fiscal 2011 Results (Fiscal 2010 results are in brackets)



SANYO

SANYO develops, manufactures, and sells products in three fields: energy (solar photovoltaic systems and rechargeable batteries), electronics (electronic devices and digital system devices), and ecology (commercial equipment, home appliances, and car electronics).

SANYO is expanding its business globally with a particular emphasis on energy-related businesses. To this end, SANYO promotes its broad lineup of lithium-ion batteries for use in such items as mobile devices and hybrid electric vehicles (HEVs) as well as leading-edge technologies including its HIT® solar cells that boast high energy conversion efficiency.

Sales Weak due Mainly to Increased Competition and the Drop in Demand

In fiscal 2011, sales of solar photovoltaic systems, car electronics and cold chain equipment were steady. On the other hand, sales of such products as rechargeable batteries, digital cameras, and commercial air conditioners stalled due mainly to increased competition and the drop in demand. As a result, SANYO sales on an overall basis were weak.

Robust Results in Solar Photovoltaic Systems

In the energy field, sales of solar photovoltaic systems increased due mainly to growing demand in Japan. This is attributable to the positive effects of government and local authority subsidy programs. Meanwhile, in rechargeable batteries, sales of lithium-ion batteries were sluggish due primarily to increasingly intense competition, further declines in product prices and the impact of the strong yen.

Under these circumstances, SANYO took steps to develop new and innovative applications. In fiscal 2011, SANYO began supplying lithium-ion batteries for electric motorcycles manufactured by Yamaha Motor Co., Ltd. In addition, SANYO joined with SUZUKI MOTOR CORPORATION in the development of an Electric Drive System for experimental electric scooters. Through these and other means, SANYO is working to expand its activities for battery systems for electric motors.

In the electronics field, SANYO recorded steady sales of capacitors by expanding applications. Optical pickups, which had recorded steady sales in the first half, on the other hand, were impacted by decreasing demand in the

second half resulting in weak sales. Sales of TVs in emerging markets were favorable. Digital camera results, however, were weak due largely to the drop in product prices and the impact of increasingly intense competition.

In the ecology field, sales of cold chain equipment including showcases and commercial-use kitchen instruments increased in China. In addition, car audio equipment results were supported by the positive turnaround in automobile sales in North America and China, as well as robust sales of car navigation systems on the back of Japan's eco car subsidy program.

In the fiscal year under review, SANYO continued to develop distinctive home appliances. In November 2010, SANYO launched GOPAN, a rice bread maker for baking rice bread from rice grains at home which attracted wide market acclaim.

Concentrated Investment of Management Resources to the Energy Business

SANYO is concentrating investment of its management resources in the energy business, which is positioned as a growth field. This initiative is designed to further strengthen its management structure aiming to improve profitability and to establish continuous competitive superiority. In this way, SANYO aims to enhance the competitiveness of this business, a source of sustainable profit.

In December 2010, SANYO established a new technical facility for lithium-ion batteries at its Tokushima Plant (Tokushima, Japan). In the smart energy systems business where expectations of future market growth are high, SANYO bolstered its business promotion structure. Turning to solar photovoltaic systems, SANYO ramped up production capacity of its HIT® solar cells in response to growth in worldwide demand. As a result, SANYO increased its annual solar cell production capacity from 340 MW as of the end of fiscal 2010 to 565 MW as of the end of fiscal 2011.

In addition, SANYO decided to transfer its three businesses (logistics, semiconductor and motor) to other companies in fiscal 2011. This decision was taken to help facilitate the selective channeling of SANYO's management resources to growth fields.

Furthermore, in April 2011, SANYO established the Energy Devices Company, which is responsible for driving the energy business forward. With this reorganization, the four previously independent businesses (rechargeable batteries, solar photovoltaic systems, rechargeable battery for eco-cars and large-scale storage battery systems) have been integrated. SANYO will work to further enhance efficiency in its management and technological development.

GOPAN, the World's First*1 Rice Bread Maker to Use Rice Grains Released

Unlike existing bakeries that use rice flour as a basic ingredient, GOPAN, a rice bread maker, bakes rice bread from rice grains using the world's first*1 fully-automatic rice mill function technology. Without having to rely on rice flour, which is in limited supply and relatively expensive, users can enjoy baking rice bread easily at home.

*1 Source: Panasonic



Construction of a Next-Generation Eco-Conscious Plant Completed

The Kasai Green Energy Park (GEP) was opened in October 2010 within SANYO's Hyogo Prefecture Kasai Plant which manufactures rechargeable batteries for eco-cars. The GEP is a next-generation eco-conscious plant that aims to help realize a low-carbon society. The GEP is equipped with a variety of SANYO's green technologies including a 1 MW mega solar system equipped with HIT®

photovoltaic modules, a 1.5 MWh lithium-ion mega battery system with lithium-ion batteries and an energy management system that controls energy-saving equipment. In adopting these systems, the GEP optimally controls all related-products from each of the energy creation, storage and saving perspectives. The GEP plays important roles in testing the efficacy of energy management technologies, and as a showroom open to customers that promotes optimal energy solutions.

The Kasai Green Energy Park

Existing Construction (Building B)

Administration Building

•EMS*2 for the Administration Building, store, and kitchen

•HIT® Double facade*3

•DC power distribution**4/ LED lighting

Power Storage Building

Solar Charging Station solalib

Solar Parking Lot

Building C

• Factory EMS*2

Lithium-ion Solar Streetlights

Existing Construction (Building A)

Solar LED Signage

Daytime

Evening

*2 Acronym for Energy Management System. A system that enables energy saving by keeping track of the status of energy supply and demand of an entire building coupled with the efficient operation of individual facilities and equipment

*3 HIT® Double bifacial photovoltaic modules are installed on the walls. The double-walled structure, which allows air flow, maintains its energy conversion efficiency under high temperatures and is highly capable of blocking the sun's rays.

*4 Electric power generated in photovoltaic modules (DC) is directly supplied to equipment operated on DC (LED lights and PCs). By eliminating DC-AC conversion, power efficiency improves resulting in CO2 emission reduction.

Other

Fiscal 2011 Results (Fiscal 2010 results are in brackets)

Percentage of Fiscal 2011 Sales

12%

Sales

¥1,197.7 billion

(¥1,012.2 billion)

Segment Profit

¥52.9 billion

(¥19.7 billion)

Profit/sales ratio

4.4%

Factory Automation

In the factory automation (FA) business, Panasonic supplies high utilization and reliable production systems that support advanced production in the electronic equipment industry.

In recent years, Panasonic has expanded its service beyond the sale of production equipment to focus on one-stop solution proposals that address customers' production issues in their entirety. Moreover, the Company is strengthening its eco-solutions, which yield plant CO2 reductions.

Promoted Sales Expansion in Emerging Markets and Achieved a Substantial Increase in Sales

In fiscal 2011, capital investment by electronic equipment manufacturers entered a recovery trend. This was largely attributable to increased demand for smart phones and tablet PCs.

Amid these circumstances, Panasonic launched new models in the Next Production Modular (NPM) series, which offers outstanding area productivity, while expanding sales of existing models at the same time. As a result, sales surged substantially in such emerging markets

as China, South America, and eastern Europe. Accounting for each of the aforementioned factors, FA business sales significantly surpassed the level recorded in the previous fiscal year.

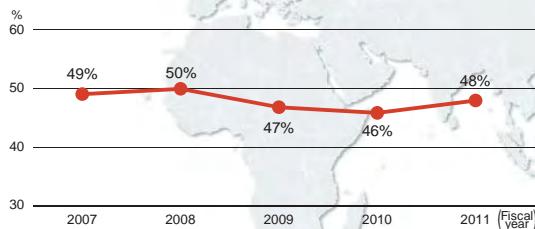
In addition to commencing NPM series production at its plant in China, Panasonic strengthened its overseas production base activities by expanding chip mounter production capacity at its Singapore plant. In December 2010, the Company also began putting forward lease proposals for electronic component mounting equipment and systems utilizing carbon offsets to manufacturers seeking to reduce their CO2 emissions.

Looking to the future, Panasonic will continue to develop the NPM series in order to deliver full dual lane comprehensive production systems. The Company will bolster its total solutions proposal capabilities from element processing to surface mounting technology for the benefit of companies engaged in the production of LED modules.

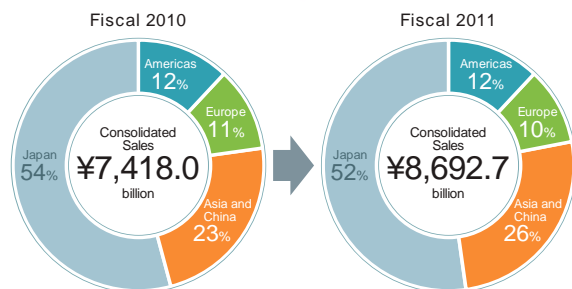
Overseas Review by Region

Panasonic has set double-digit growth in overseas sales as one of its growth strategies, and is conducting various activities tailored to regional characteristics while creating region-oriented products based on local living environments and lifestyles.

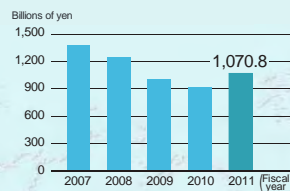
Overseas Sales Ratio



Share of Sales by Region



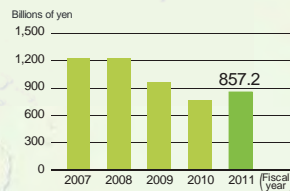
Americas



In addition to Consumer-Use Product Fields, Panasonic is Strengthening Its Systems Activities

In fiscal 2011 in North America, Panasonic worked diligently to expand its customer base by bolstering its product advertising in the consumer-use field. At the same time, the Company took steps to enhance the recognition of its flat-panel TV and digital camera brands. In the systems field, Panasonic stepped up solution sales in such areas as Education, Sports and Entertainment. In Latin America, sales expanded with flat-panel TV and mini component system results particularly robust in Brazil and Mexico. As a result, overall sales in Americas were higher than fiscal 2010.

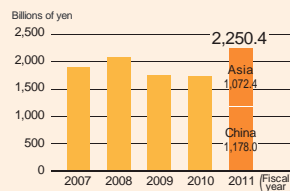
Europe



Strengthening the Company's Product Lineup Tailored to Market Needs

In fiscal 2011, sales of various products including 3D TVs, refrigerators, and washing machines were strong, increasing year on year. Turning specifically to refrigerators and washing machines, which Panasonic introduced in earnest under the banner of its European Market-Entry of White Goods Project in March 2009, the Company upgraded and expanded its lineup of products tailored to market needs and undertook intense marketing resulting in a substantial increase in sales. Panasonic was quick to create a 3D market placing considerable weight on releasing such products as flat-panel TVs and took steps to show live 3D broadcasts of the French Open tennis tournament.

Asia and China



Achieved a Substantial Increase in Sales on the Back of Robust Demand

In fiscal 2011, Panasonic recorded strong sales of white goods including room air conditioners and such digital AV products as flat-panel TVs centered on the three large growth markets of India, Vietnam, and Indonesia. In China, together with robust sales of white goods as well as network cameras and other products in the systems field, Panasonic also recorded significant growth in its FA business including electronic component mounting machines and welding equipment. As a result, overall sales in Asia and China rose substantially compared with fiscal 2010.

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Highlights (New Products and Services)

Americas

Strengthening Collaboration with SANYO in the Energy Field

In the lead up to making SANYO a wholly-owned subsidiary, Panasonic promoted sales of SANYO's solar photovoltaic systems in the U.S. Harnessing Panasonic's sales strengths and SANYO's product competitiveness, 1,652 solar panels were installed at Infineon Raceway in California. This initiative represents the Group's first overseas eco-synergy project. The solar power produced by this new system provides 41% of the raceway's overall energy requirements.



Solar panels installed at the Infineon Raceway

'eco ideas' Declaration in Latin America

Aiming to become the No. 1 Green Innovation Company in the Electronics Industry in Latin America, Panasonic announced the 'eco ideas' Declaration for the region in April 2010. This initiative underscores Panasonic's efforts to maximize its contributions to the environment in this region that is becoming increasingly aware of environmental considerations. In addition, Neymar da Silva Santos Junior, a popular soccer player, was appointed a new ambassador for the Panasonic brand in Brazil.



Press conference announcement held in Brazil

Europe

Live 3D Broadcasts of the French Open Tennis Tournament

High-quality 3D broadcasts of the French Open, one of the world's four major tennis tournaments, were transmitted live in May 2010. Building on this initiative, promotions aimed at showcasing the appeal of Panasonic's 3D Viera TVs were held at more than 4,000 retail stores across Europe. At the same time, Panasonic took steps to highlight the appeal of its end-to-end 3D capabilities at press events including the use of its professional camcorders to shoot behind the scenes 3D footage and create dedicated 3D reports.



A retail store filled with customers in France

Participating in Europe's Leading Consumer Electronics Fair

Panasonic participated in IFA2010, Europe's leading consumer electronics fair, held in Berlin, Germany in September 2010. In addition to exhibiting a full range of the Group's digital AV lineup focusing particularly on 3D-related products, Panasonic showcased its latest offerings in energy creation, storage, saving and energy management devices and technologies. In this manner, Panasonic is continuing to emphatically promote its activities in the energy field in Europe, a region that is becoming increasingly aware of environmental concerns.



Solar panels that provide the platform for attracting considerable attention

Asia and
China

Conducting Thoroughgoing Research into the Lifestyles and Needs of Customers in Each Country

Panasonic is undertaking increasingly detailed consumer analysis in Asia while accelerating activities that link directly through to product planning and development. In addition to establishing the High-Volume Market Research Center in India in July 2010, Panasonic is stepping up its lifestyle research capabilities focusing particularly on the demographic residing in provincial areas in Vietnam, which accounts for 70% of the nation's population, and the general public in Indonesia, where consumption is expected to expand.



A home visit study conducted in Indonesia

Contributing to the Shanghai Expo through the Display of Advanced Digital Technology

In addition to supporting the Japan Pavilion, Panasonic delivered devices and systems to a considerable number of exhibits including the China Pavilion during the Shanghai Expo held between May and October 2010. At the Japan Pavilion, Panasonic provided the Life Wall, a wall-to-wall information display, that combined three of the world's largest* 152-inch PDPs with advanced high precision sensing technology. This look into the future of visual communication enthralled the many visitors to the Pavilion.

* As of March 31, 2011. Source: Panasonic



A stage show utilizing Panasonic's Life Wall